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**MARCH 1970** 

# Nation's Business

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-INTERVIEW WITH TOP
GOVERNMENT AUTHORITY

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A top Social Security Administration official sees an attempt coming to raise payments so high that drawbacks will far outweigh the benefits

Cover photo: Yoichi Okamato

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Paxtons have sold tens of thousands of Royals since they've been in business. Many to the large corporations that are headquartered in the Bloomington area. And to the regional offices of other leading companies.

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has these important features: half-forward spacer, automatic copy control, automatic margin set and end-of-page indicator.

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# FROM THE EDITOR

Nation's Business Published by the Chamber of Commerce of the United States 1615 H Street, N.W. Washington, D.C. 20006



Robert J. Myers of the Social Security Administration

Isn't it a jolt when you look at that first pay check each year and see the big bite Social Security takes?

And if you're an employer, you get the same kind of jolt when you see what your share of Social Security will take out of your budget for the year.

It seems like it's always going up. As a matter of fact, it is scheduled to go up way into the future under laws already on the books.

And that's not all. There are all sorts of proposals for expanding Social Security. Some would make it into practically a complete welfare system. (See editorial on page 96.)

Of course, all those things would have to be paid for in some way. The pay check bite might get lots bigger or at least continue all year at much higher salary levels than it now does. As an employer, you'd have to match it, too.

The Chamber of Commerce of the United States is concerned about this kind of trend.

It's also a matter of concern to one of the top officials of the Social Security Administration itself, Robert J. Myers (above).

Dr. Myers, who has served 35 years in the Social Security program and is now its chief actuary, dis-

cusses the subject with Nation's Business editors on page 60. We think you'll find what he has to say very revealing.

Do you enjoy the little cartoon men who illustrate many of our articles on management techniques? (See page 68.)

Thousands of our readers have told us over the years that they do.

The cartoons are the creation of Charles A. Dunn, who drew his first for *Nation's Business* 50 years ago this month.

Charlie's talents extend far beyond cartooning. He's done some masterful oils as well as some of the most clever caricatures in existence. His sketches of quite a few Presidents of the United States are displayed at the swank Burning Tree golf club here. That's Charlie (below) in his studio.

Many of the management articles which Charlie has illustrated over these past 50 years have been among our "best sellers" of reprints. We're always impressed by the interest that you, our readers, show in ordering reprints of our articles. In the last two years you've requested 1,436,579 copies. Thank you.



Jack Wooldridge

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# LETTERS

# CONFIDING IN FEDERAL MEDIATORS

• Accompanying Walter Wingo's "How to Win at the Bargaining Table" [February] is a list of do's and don't's for businessmen involved in collective bargaining. The list's final item advises businessmen that "if government mediators are called in, think twice about confiding to them anything you wouldn't want the union to know."

Now that's downright unfriendly to the mediators, intimating as it does that they are untrustworthy. How long do you think a mediator would last if he spent his time tattling between the bargaining contenders? Neither would permit him on the premises.

So your advice doesn't stand up just from the standpoint of mediator job security (not to mention the more important fact that respecting confidences and dealing fairly with both sides is the best way to get settlements). Actually, labor and management regularly confide in the mediator, sure of his discretion.

The integrity of the Mediation Service is attested to by the steadfast support which it receives from the labor and management community.

NORMAN WALKER
Public Affaire Officer
Frident Mediation and
Consiliation Service
Washington, D. C.

### Another watcher of "birds"

 Like Peter Hilton ["The Corporate Aviary," February] I do a lot of prowling in the corporate jungle, and in the course of some years I too have spotted quite a number of queer birds.

One of my more public vices is cartooning for my own amusement. Just last summer I finished drawing and describing a series of birds that I had encountered in the business and economic world and which I thought might interest the business bird watcher. I haven't done anything with them.

Mr. Hilton is apparently blessed with a capability for ESP (extrasensory plagiarism) and I am jealous of him because he reached you first. Seriously, I enjoyed very much the birds in "The Corporate Aviary." I wish you would extend my congratulations to Mr. Hilton and Larry Olson. As a long-time bird watcher, I know how difficult it is to spot such strange types, and I thank them for letting us all see them.

R. M. ROHRBERG Manager, Business Economics Abrus New Fork, N. Y.

### "Great Moments" was great

 I read the articles entitled "Great Moments and Great Men of American

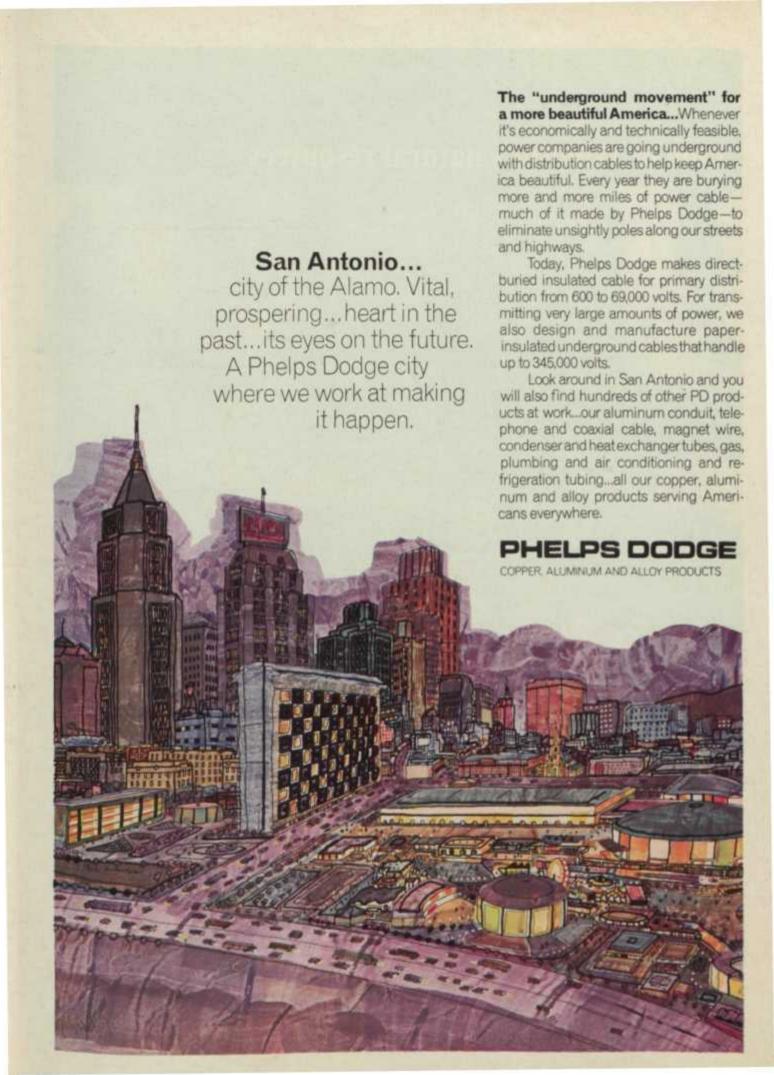
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# Who Says New York's **Business Climate** Is Healthy?

\*New England Says So: "... hypothetical tax bills for three model corporations at 83 specific locations in the New England states plus five of their closest competitors ... run from a minimum in Utica, N.Y., to a high in Hartford, Conn....

"... the chemical, machinery and textile firms could have net profits after taxes higher by approximately 14, 15 and 22 percent, respectively, were they located in Utica instead of Hartford.

... special incentives in New York amount to a sizable tax break for new indus-

try and investment."

\*New England Business Review, published by Federal Reserve Bank of Boston

"Michigan Says So: The combined state and local tax bill for five hypothetical manufacturing firms was lower in Buffalo, N.Y., than in five other major industrial cities in five different states-Detroit, Michigan; Cleveland, Ohio; Milwaukee, Wisconsin; Indianapolis, Indiana; and Newark, New Jersey.
\*Tax study commissioned by the Citizens Research Council of Michigan

Pennsylvania Says So: The state tax burden on business in New York is less than

in half a dozen other major industrial states.

Ohio, Michigan, California, Pennsylvania, Massachusetts, New Jersey, North Carolina-all of them collect a higher percentage of their total tax revenues from business taxes than New York does, according to statistics collected by the Penn-

sylvania State Chamber of Commerce, based on U.S. Census Bureau data.
In another exhaustive analysis, the New York state-local combined tax bill was less than that of Michigan, West Virginia, Indiana, Massachusetts and Maryland for all seven groups of industries studied-and less than that of Ohio, Illinois and

New Jersey in six. \*Pennsylvania State Chamber of Commerce; Pennsylvania Economy League, Inc.

... and Governor Rockefeller Says: "During the past 11 years, there has not been one single new business tax in New York. There has been only one increase in our flexible business-tax structure.

"We have no personal-property taxes on machinery, equipment or inventories, We have taken many significant actions to encourage the growth of business.

"To mention the latest: a one-percent business-tax deduction on investments in new, expanded or modernized production or research facilities,

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# **LETTERS**

continued

Business" [January] with great interest and I think you have done a wonderful job concerning the many men who have contributed so much to the development of industry in this country.

> ALFRED F. BAUER General Municipy Insolver-Juriete Intelsion National Louis Co. Tolette, Ohio

· Congratulations on the January issue. In this age when consumerism has captivated the imagination of America and legislation is based more on emotion than fact, business seems automatically to be the whipping boy.

I think a factual history of some of our great business enterprises will do much to demonstrate that their creation was the result of hard work and dedication; and between the lines I can see evidence that the continued success of these great organizations has always depended (and still does) upon concern for the best interest of the consumer.

HENRY C. COLEMAN Chairman of the Board University Blank of Dayling Beach Dayling Beach, Fig.

 I wish students of every college and university would read these stories.

President Young Hudbalus Co.

### More about the girls

 I enjoyed "Here Come the Girls" [December] very much. I thought you did a fine wrap-up of what is bound to be a somewhat sticky and controversial problem.

> MERCEDES BATES User Previous General Mills, Inc. 19th-care of the Bests Creeker Kilchens Minustratus, 1918.

· Just finished reading "Here Come the Girls." Thank you. Being far from a militant feminist, I still have to state that women are discriminated

against, and that much of the trouble

comes from the schools.

MISS JEAN I. WIDGER Editor, bringing comment Where Spar University Debtag Mach

· "Here Come the Girls" seemed to me to be written tongue-in-cheek. So now that the author's had his say let's really have a useful article with some really constructive thoughtfrom someone better informed.

MRS. REBECCA CHASTEN

# How fast can you answer these three simple questions?

(one month is average.)

1. How many salesmen did better than average today?

2. What were today's total profits?

3. What were your company's total accounts payable today?

If you could have the answers to questions like these at the end of every working day, would it help you manage your company better?

Our 5610 COMPUTYPER\* billing/accounting system can give them to you. It's designed to do your billing and accounting. And it can also sift complete daily management reports out of the figures it handles.

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If you had asked this Friden\* System the three questions above when you started reading, you'd be getting the answers right now.

The 5610 is surprisingly inexpensive. And if you just want an answer to your billing/accounting problems, without the management reports, there are three other COMPUTYPER billing/accounting systems that cost even less. To see them, just call your nearest Friden office. Or write to Friden Division, The Singer Company, San Leandro, California 94577.

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# EXECUTIVE

BY JOHN COSTELLO Associate Editor

- · The cost of consulting
- · Union labels in offices
- · What's your accounting IQ?
- · Finding a college
- Joiners and hobbyists

### Those management advice fees

Some advice may be cheap. But it now costs up to \$650 a day for the services of a top man in a big management consultant firm.

That's from the latest data compiled by the Association of Consulting Management Engineers, Inc. The Association estimates billings by management consulting firms topped \$900 million last year.

Here are the latest figures on ACME members' fees from its 1969 "Professional Consulting Fee Arrangements" survey.

Per diem rates charged by a group of consulting firms, each with 80 or more professional staff men:

	Mini- mum	Maxi- mum	
Partner or			
equivalent	\$250	\$650	\$435
Principal			
Consultant	\$230	\$500	\$328
Senior			
Consultant	\$200	\$350	8257
Management		7	
Consultant	\$175	\$275	\$216
Junior			
Consultant	\$133	\$200	\$171

Per diem rates charged by some other consulting firms, with 20 to 79 professional staff men:

	Mini- mum	Maxi- mum	Aver- age
Partner or			
equivalent	\$250	\$600	\$358
Principal			
Consultant	\$200	\$360	\$265
Senior			
Consultant	\$155	\$325	\$223
Management			
Consultant	\$110	\$250	\$190
Junior			
Consultant	\$ 80	\$213	\$144

Fees charged by smaller consul-

tant firms generally run somewhat

Actually, ACME claims, reputable management consultants are more than advisers. They're problem-solvers—often highly skilled and widely experienced.

Is their time worth the price?

Here's what author Hal Higdon says about them in his new book, "The Business Healers" (Random House, Inc., \$6.95):

"Business has become so complex today, particularly with the advance of computer sciences, that no one man can possibly have all the answers. He is forced to go outside for help. The most astute businessmen recognize this."

However, he adds, "consulting is considered by too many as some sort of magic wind-up toy: You wind up a consultant and he makes you rich.

"It's not as simple as that."

### Hard going for unions

White collar workers are tough nuts to crack for labor organizers.

Only 7 per cent of U. S. firms questioned in a survey say some or all of their office workers are unionized. But it's different north of the border. Twenty-one per cent of Canadian firms questioned in the same survey say they have clerks and stenos who carry union cards.

White collar unionization may be a trend in Canada. Fifty-seven per cent of the organized Canadian firms say the unions signed up workers in their offices in the last five years.

The figures are from the latest poll of Administrative Management Society members.

Replying were 481 firms, employing more than 149,000 office workers. Not all answered all questions.

Twenty-one say all of their office force is unionized, 22 say some of it;

438, none. Most of the firms with organized office workers are large. More than half employ 200 or more office workers.

Companies polled ran from A to W
—aerospace to wholesalers; in size,
from two office workers to 2,000.

# Accounting quiz for managers

It's a brief tongue-in-cheek list for executives who aren't CPA's, but should understand some accounting:

- Q. Do you think that a balance sheet is what a tightrope walker sleeps on? That Ernst & Ernst are a dance team? That Price Waterhouse is a drinking fountain?
- Q. Do you receive accounting statements from time to time but need lots of interpretation and occasionally get lost?
- Q. Do you read accounting data, and generally understand it, but miss some of the fine points?

If you reply "Yes" to the first question, notes the University of Utah's Institute of Industrial Relations, of course you're an accounting ding-a-ling.

But even if you answer "Yes" to the others, it adds, you could profitably brush up on the subject.

Naturally, like similar institutes, it holds seminars where nonaccountants can learn what those balance sheets and profit-and-loss statements really mean.

## If dear old Siwash turns him down

The campus boom's still on.

Next fall, some 1.8 million freshmen will crowd into U. S. colleges and universities, the Health, Education and Welfare Department estimates.

That's bad news for some applicants. Dad's alma mater, or some ■ Perhaps it was only natural that a course which could train retail and service employees in courtesy, salesmanship and human relations in just five concentrated sessions would spread through many types of service businesses.

Is your kind of business on this list?

Detroit Edison Company, Detroit, Mich.
Pepsi-Cola Bottling Co., Roxboro, N.C.
Capitol Aviation Inc., Springfield, III.
The Bangor Daily News, Bangor, Maine
General Apartment Co., Atlanta, Ga.
Taco Tico, Inc., Wichita, Kansas
Lexington Telephone Company
Lexington, North Carolina
Smith Oil Corporation, Rockford, III.
Boise Tire Co., Boise, Idaho
Natorp Landscape Organization, Inc.

Natorp Landscape Organization, Inc. Cincinnati, Ohio Miller Zeilstra Co., Grand Rapids, Mich.

Miller Zeilstra Co., Grand Rapids, Mich. Paramount Beauty Supply Boise, Idaho Milton's One Hour Martinizing, Inc.
Roxboro, North Carolina
Cincinnati Automobile Club
Cincinnati, Ohio
J. W. Knapp Company, Lansing, Mich.

### CIVIL SERVICE

New York State Motor Vehicle Dept. City of Lexington, North Carolina Marvel Cave Pk., Silver Dollar City, Mo.

### CHAMBERS OF COMMERCE

Merced, California
Oak Ridge, Tennessee
Ionia, Michigan
Jackson, Tennessee
Polk County, Livingston, Texas

# The Dale Carnegie Customer Relations Course was designed for training retail and service personnel and

# look who's been using it.

### BANKS and SAVINGS AND LOAN ASSOCIATIONS

First Trust & Deposit Company Syracuse, New York

First National Bank of Toledo Toledo, Ohio

Florida National Bank Miami, Florida

Depositors Trust Company Augusta, Maine

National Bank of North America West Hempstead, N. Y.

Prudential Savings and Loan Assoc. St. Louis, Missouri

Cherokee State Bank, Cherokee, Iowa

Beaumont State Bank Beaumont, Texas

Mutual Home Federal Savings and Loan Assoc., Grand Rapids, Mich.

The National Bank of Commerce of Charleston, Charleston, W. Va.

Charleston, West Virginia

First National Bank at Orlando Orlando, Florida Kanawha Banking & Trust Co. And check this list of leading specialty and department stores that have used the Dale Carnegie Customer Relations Course!

Rike's Department Store Dayton, Ohio

Gimbels

Milwaukee, Wisconsin

Towne Shoes Fifth Avenue New York, New York

Shirokiya, Incorporated Honolulu, Hawaii

R. H. Kyle Furniture Company Charleston, West Virginia

Gilmore Brothers

Kalamazoo, Michigan

Shoaf Wayside Furniture Lexington, North Carolina

Glick's Furniture Co. Columbus, Ohio

Farmers Mercantile Company Red Oak, Iowa

Proffitt's Department Store Alcoa, Tennessee

Knox Furniture Company Grockett, Texas Minimum training time, maximum results — and results you'll start to see right from the very first session. The Dale Carnegie Customer Relations Course is available to businesses in nearly every part of the U.S. and Canada. Want more information? Write us today.



DALE CARNEGIE CUSTOMER RELATIONS COURSE

Suite 130 NB - 1475 Franklin Ave. - Gorden City, N.Y. 11530

# In three seconds you can find out if the tissue you're using is as absorbent as Fort Howard's.



The more absorbent the tissue, the better the quality. Softness and whiteness are important, but absorbency is what makes the difference between good quality tissue and top quality tissue.

Take our Palmer\* tissue. It's the most absorbent single ply tissue you can buy.

Test it yourself. Fold two sections of tissue (yours and ours) into one-inch squares. Then drop them into a pitcher of water.

The one to sink below the surface first is the most absorbent. Our bet's on the Palmer\* Tissue.

What absorbency means to you. Nobody is going to notice absorbency. Except perhaps you.

And what you'll notice is that our tissue goes just a little bit further, Because people use a little bit less.

Need a pitcher? Write us on your business letterhead and we'll send one of our men over with a "Prove We're All Wet" test kit.

It contains a pitcher and a sample of Palmer® tissue. Everything you need to make the test.

Except the water.

# Fort Howard Paper

# EXECUTIVE

continued

other favorite college, may turn them down.

If that happens to your youngster, you might try a college admissions clearing house.

Among others are the College Admissions Assistance Center, 461 Park Ave. South, New York, N. Y., and the Private College Admissions Center, 1740 N St., N. W., Washington, D. C. 20036.

Both charge a \$20 fee to help get a student seeking admission into a school seeking students. Each serves several hundred colleges or universities—mostly private.

Usually, these schools have an early cut-off date for direct applications from would-be students. But applications through admissions centers are accepted all year.

You may get help, too, from The Council for the Advancement of Small Colleges, 1 Dupont Circle, Washington, D. C., 20036.

It represents some 80 small colleges, each with about 600 students, classes of 10 to 15 and typically located on its own campus in or near a town of 50,000 or less.

Like some other small colleges, they aren't as swamped with applications as the bigger, better-known universities

The Council's Directory of Member Colleges has some helpful hints on how to select a college—as well as some of the advantages of attending a smaller one.

# Like to do business in Thailand?

It looks like a worthwhile market. In 1969, the Commerce Department says, the Thais bought \$147.7 million worth of U. S. products—and sold us \$92.2 million of theirs.

One good source of information about the country—and there aren't too many—is TAB.

It's a slick-cover, bimonthly publication put out by The American Chamber of Commerce in Thailand. It zeros in on news most useful to U. S. firms that want to do business there.

You can get a free copy by writing



# The 13,000-mile land office.

From the Great Lakes to the Texas Gulf Coast, to the Pacific, Santa Fe stretches across 13,000 miles of the most progressive parts of our nation. And along these 13,000 miles are choice real estate and industrial sites.

We now offer general real estate areas along with industrial and commercial sites available for development on approximately 48,000 acres of Santa Fe property. Our Chicago area, for example, has four industrial districts now open for business. And in California, Santa Fe is the developer of 13 major industrial districts. Another 20 such developments are strategically located along our lines in Illinois, Missouri, Iowa, Kansas, Colorado, Oklahoma, Texas, New Mexico and Arizona.

Almost all of the 37 Santa Fe industrial development areas now have improved streets and full-utility service. If your company also wants easy access to Santa Fe's fast freight facilities—without building a plant site in

one of our districts or parks—it's nice to know that we work closely with many private developers. We can also help you find excellent sites at off-rail locations, easily served by our piggyback and truck service.

Now, when the name Santa Fe comes up, you can think of us as the longest land office in the country, without stretching a point.

Call or write our 13,000-mile land office at 80 East Jackson Blvd., Chicago, Ill. 60604, phone (312) 427-4900. Just ask for the Real Estate and Industrial Development Dept. Offices are also located at Los Angeles, San Francisco, Phoenix, Albuquerque, Amarillo, Dallas, Houston and Topeka.



# EXECUTIVE

continued

to the Chamber at 302 Silom Road, P. O. Box 703, Bangkok, Thailand.

### Savings may ride on your hobby horse

Collect church bells—or comic books?

Nothing odd about that. Lots of Americans have hobbies like those. And they join associations of people with the same interests.

The Academy of Comic-Book Fans and Collectors and the American Bell Association are just two of many organizations of the like-minded. Some are hobby, social or fraternal groups. Others have more serious goals.

The American Society of Association Executives estimates there are about 11,000 U. S. trade, industry and professional groups—with about 39 million members.

The Encyclopedia of Associations



lists about 15,000 organizations of all kinds.

They not only unite birds of a feather. Many sell all kinds of knick-knacks like bowling shirts and ash trays, as well as membership pins. The International Order of HOO-HOO (members of the forest products and lumber industry) offers wooden nickels usable in friendly poker games.

You may be able to get low-cost life and health insurance through a group, too. Arch Parker, vice president, Continental Casualty Co., says savings can be substantial. Through an association's group plan, cost of a \$10,000 term life policy might be cut from \$32.50 semiannually to \$12.50.

### Money makes the mare go

And lack of it, one authority points out, makes businesses fail.

Yearly, some 400,000 new firms are born in the U. S. Within three years, four out of 10 flop.

Poor money management is one of the main reasons why they conk out, author Harry Gross says in his new book, "Financing for Small and Medium-Sized Businesses."

It's written to help the financial officer of the smaller company cope with the problem his firm shares with the giants—getting the most out of a buck.

# Who's really running the show?

Once, you were apt to be correct if you assumed the president was the quarterback of the company.

True, it had a board chairman. But his post often was honorary.

Today, the top job in a big corporation frequently is too big for one man. More and more duties fall to the chairman of the board.

So who's calling the signals?

Many big corporations tack on an additional title, "chief executive officer," to show who's boss.

It's two to one odds, a recent survey suggests, that the board chairman—not the president—will wear that

tag. "Recently we studied job titles at 100 blue chip companies," says O. William Battalia, Battalia, Lotz and Associates, Inc., executive recruiters. "More than half (53 per cent) use 'chief executive officer' to identify the head man. Board chairmen carry that title almost twice as often as presidents.

"It's a good trend. Ten years ago the title was seldom used.

"But no matter how high you get, it's best, all around, to know who has the last word."

### It's a four-wheeled fringe benefit

"The company car has become a personal car."

That's how Robert Berke, executive director, National Association of Fleet Administrators, Inc., sums up the result of NAFTA's latest poll.

More than 100 companies, with over 102,000 fleet cars, were asked their rules about personal use of autos loaned to employees. Here's what they said:

	Per	Cent
	Yes	No
Permit after working hours;	94	6
Permit on weekends and		
holidays:	94	6
Permit on vacations:	90	10
Charge employee for per-		
sonal use:	84	16
Employee pays mileage:	62	
Employee pays flat week	ly	

or monthly rate:

Combination of both:

Average mileage charge for personal use is about four cents, NAFTA finds. In addition, about one third of companies expect an employee to pay for his own gas on vacation.

17

Most firms (91 per cent) permit an employee's spouse to use the car; 54 per cent permit the children; 10 per cent extend its use to other members of the household. And if the car is banged up, 58 per cent don't even stick the employee with the bill.

"The results are preliminary," Mr. Berke says, "but the final tally won't change the figures much.

"The company car's a fringe benefit as well as transportation."

# LEASE A CARPET SYSTEM

# AND SAVE.



Have all the benefits of a completely carpeted building without using capital funds... through leasing.

Commercial Carpet Corp. world's largest carpet systems manufacturer—introduces Showplace, the program that provides a leased carpet system plus complete building maintenance. The money your carpet system saves on janitorial maintenance will substantially pay for the lease cost. And you'll speed up and increase your cash flow.

We can show you how the system can fund the lease cost in as little as five years. Then, maintenance savings continue to mount. For years after.

The Showplace program could only be developed by CCC because only CCC has the system and carpets that make the maintenance savings possible.

The system includes an analysis of your functional and financial requirements; selection of the right carpet; guaranteed installation by CCC-certified experts; a preventive maintenance program. Service is assured

through CCC's nationwide single-source responsibility.

We have the heavy-duty products that fit the system: anti-static, anti-soil carpets featuring Allied Chemical's new Anso fiber, and built-in B. F. Goodrich sponge rubber cushioning. In fact, certain lines

It really doesn't pay to wait for the benefits of a carpet system. And you don't have to. You can have lower maintenance costs, plus the comfort, morale, quiet and safety of the system now.

are on the GSA Schedule.

Send in the coupon for a Showplace brochure today or look us up in the Yellow Pages.

Attention: Mr. W.	
THE RESERVE OF THE PARTY OF THE	ur representative call in me. howplace brochure.
Plante.	
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	Phone
Title	Phone
Title Organization	Phone







#73: THE CASE FOR A NEW LOOK Declining sales . . . cluttered display space . . . increasing employee turnover—you should have recognized the signs. Then one day a good friend invites you to see his new showroom. And suddenly you get the message: "You can't go after business if it looks like you're going out of business."

Star has a cure for sick sales. It begins with a modern steel system—pre-engineered to provide a more spacious building, faster. To this system may be added "showcase" glass showrooms, colored wall panels, brick, stone ... or anything else you specify. All for hundreds of dollars less—and we'll help with the financing.

Tired of the same four walls? Let a Star building take you away from it all.

STAR MANUFACTURING COMPANY, A SUBSIDIARY OF WOODS CORPORATION: BOX 94816, OKLAHOMA CITY, OKLA, 707

call in the problem solvers







# PANORAMA of the nation's business

BY VERNON LOUVIERE Associate Editor

# Du Pont Formula: Hear Out the Young

Many American businesses have taken a close look at the younger generation but how many businesses have willingly let the young take a close look at them?

The results can be interesting, especially when they involve a giant corporation like Du Pont, which certainly is identified with the Establishment that is the object of so much youthful discontent, suspicion and misunderstanding.

A recent issue of Du Pont's sleek employee magazine, Better Living, opened its pages to some unusual points of view on the contemporary scene. Editor David Morrison explained:

"We present this issue because we believe it will be helpful for Du Pont people to hear what the youth are saying that is relevant to business. For the most part, the young are earnest, if sometimes brash; intelligent, if not always wise; honest, within the limitations of their



"Earnest . . . brash . . . compassionate . . . "

experience, and altogether compassionate.

"With the exception of small, highly publicized radical groups, they would prefer to build and improve within the established order rather than try to tear it down."

ome of the comments in Better wing are hardly flattering to business oen or adults in general. Young writers say they believe in the profit system but take issue with what they feel is an almost total focus on profits to the neglect of other things. They complain of heavy spending on war, school systems that stifle creativity, churches that go slow on social problems, and government failure to curb degradation of the environment.

In letting these critics sound off, Du Pont makes it clear it doesn't soonsor the views expressed. Mr. Morrison says the company disagrees strongly with some of the attitudes shown toward business and feels the young people are badly misinformed.

However, he adds that the "youth are certainly going to have their say," and if those in the older generation "are to help channel these impulses constructively, they will need to look past the crudities of youthful protest; they must listen and try to understand."

# to the Law

You may have seen the ad in newspapers or magazines showing the picture of a police squad car, a bicycle protruding from its trunk, and bearing the words, "If your 8-yearold's not home by 9, who'd you call by 9:15?"

At a time when the police are being bum-rapped from every side while they work at low pay in a highly-dangerous occupation, the ad is designed to show that many of us do care about them.

A series of seven such ads are being offered to the nation's magazines and newspapers as a public service by Motorola, Inc. Nowhere does the name Motorola appear. Before embarking on the ad campaign Motorola people talked to hundreds of police—from chiefs to patrolmen—from coast to coast. They came away convinced that morale is a serious problem in many police departments and that this contributes to the estimated 50,000 vacancies in police ranks.

"Not only do these dedicated men protect and affect the well-being of our families, your business, neighborhoods, cities—and in fact our entire nation—but they continually give assistance in hundreds of ways every day," says Motorola vice president Homer Marrs.

"The sad part about it is that it's an old story. Nobody hears about the good cop."

In addition to the police morale problem, the Motorola research teams

heard about how countless citizens associate policemen with a traffic ticket or—worse—brutality.

The corporation felt that if something could be done to get people thinking of the policeman as a helper and a friend rather than a ticket-giver and club-swinger, a good start would be made toward solving many police problems. The ad campaign was the result. Mr. Marrs reports:

"The reaction by policemen everywhere has been overwhelming. First, they are amazed that anyone would do this for them free. Secondly, they all feel that the ads have captured exactly the right spirit of the policeman's role and dedication. There is no question in their minds that the campaign will go a long way in helping to solve their problems."

continued on next page

# Guidance for Those Who Guide

Two statistics serve to show part of the reason why so many skilled jobs go unfilled and why so many noncollege youngsters are having trouble finding work:

Some 90 per cent of U.S. high schools offer academic counseling for college-bound students but only half provide vocational guidance.

The federal government invests \$14 in the nation's universities for every \$1 that it invests in vocational education programs. (State allocations are even more one-sided.)

Compounding the problem is a communications gap between high schools and trade schools in many parts of the country. One company, Kimberly-Clark Corp. of Neenah, Wisc., is trying to close that gap.

In 1960, Kimberly-Clark launched a program to give high school vocational guidance counselors in the company's headquarters area a first-hand look at special educational opportunities for students who don't plan a college career.

"Universities usually have ample facilities to get their message to the counselors, but corresponding information isn't easily available from the trade schools," says Robert H. Mott, secretary of the Kimberly-Clark Foundation, which supports the program. "We're trying to compensate for this imbalance of information.'

Each year the company's "Guidance Counselors' Traveling Workshop" takes high school advisers on a three-day tour of selected trade schools within a 300-mile radius of Neenah, Groups have visited Chicago. Milwaukee, Minneapolis and Madison, attending sessions at about half a dozen schools per trip.

"On each tour we try to schedule a balanced program so the counselors can see schools of music, art, nursing and education as well as vocational and technical institutes," Mr. Mott reports.

Kimberly-Clark pays the bills, including a fee for a coordinator selected from among guidance counselors in the area; bus rental, room and board and miscellaneous expenses. All of this for about \$2,000

The company is now planning to extend the program to other communities where it operates plants.

One high school principal whose school has participated sums up:

"The end result is a better work force, and that helps business. We can't encourage every student to go on to college, but we do feel each should take some additional training to equip himself for our technologyoriented society. The workshops give our counselors the tools they need to provide adequate information in this vital area."

# An Exchange of Understanding

"I think I now realize more clearly the differences between business and school, the relationship between employee and employer, the involvement between business and community.

John "Red" Stidger, a teacher had just taken a tour of a Texas Eastern Transmission Corp. refinery in Tyler as part of an annual program called Business-Education Day. On that same day almost a thousand Tyler teachers visited in small groups the refinery, banks, an iron foundry, supermarkets and dozens of other industries and businesses in the area.

The program, popular in 600 American communities, was launched some 20 years ago by the Chamber of Commerce of the United States as a means of increasing teacher and student understanding of how our economic system functions and how they contribute to and depend upon its expanding productivity.

On alternate years businessmen visit schools in their area to see firsthand what is being taught, to hear teachers' problems and to get a better all-around concept of what education is all about.

Teachers can see textbook theories



Teachers get a first-hand look at the American economic system at work during a Business-Education Day tour of a Texas refinery.

applied in actual business operations, often by former students. For the businessman host there is an opportunity to explain to teachers the risks, costs and achievements of his particular business.

"We're getting very good results with the program, which has been going on here for more than 15 years," says Freeman Carney, executive vice president of the Tyler Chamber of Commerce. "It certainly has taught the teachers a lot, and the businessmen, too."

And Wayne G. Rolf, resident manager of the Tyler refinery, predicts that the program will help "to keep the brains at home." He adds: "In the long run, everyone will benefit. The teachers come here and are informed; then the students are better informed. And when the time comes, we find a high level of employee availability."



Tell someone you like about Lark's Gas-Trap filter. It's an art in itself.

Can a cigarette filter be beautiful?

We think so. You see 90% of cigarette smoke is made up of gases. That makes the fact that our filter can reduce gas as well as "tar" and nicotine, gorgeous. And the fact that it reduces certain harsh gases by twice as much as ordinary filters is downright avant garde.

But our masterpiece is the fact that Lark's unique gas reduction gives Lark

a uniquely smooth and easy taste.

So tell someone you like about Lark's rare combination of hard-working Gas-Trap filter and easy taste. He'll know you're a connoisseur.



# "I just might sue every company director reading this magazine."

I'm not a madman. This is not a joke.

If you are a director of a corporation, I've got you where I want you.

At my mercy. All I have to do is own a few shares of stock in your corporation and I can sue you and every other director and officer in the company.

What can I sue you for?

What can't I sue you for!

I can sue you because I think your salary is too high, or for conflict of interest or for missing a few directors' meetings. I can blame and sue you because of a misstatement in your company's financial report—or should I say our company. I can't begin to list all the reasons I can sue you for. And here's the saddest part. I'm not alone. There are 24 million other people out here just like me. There are 24 million stockholders in the United States and that's 24 million potential stockholder suits. And even if you should win a stockholder suit—you lose. When you take into consideration lawyers' costs, wasted time, etc. At this point, you must be feeling kind of helpless. You're not.

There is a company that can help you. American Home Assurance Company. They didn't invent stockholder suits, but they have come up with some interesting solutions to them. They feature a type of insurance that every company director or officer in the United States should consider. Directors and Officers Liability Insurance for those companies that qualify. You can get it by writing to Dept. A-14, American Home Assurance Company, 102 Maiden Lane, New York, N.Y. 10005. Send for it and talk it over with your insurance agent or broker. He and American Home Assurance Company are good friends to have when you have 24 million potential enemies.

American Home Assurance Company

# TO THE EDITOR

# SOUND OFF SHOULD WE TAKE A FIVE-YEAR **CENSUS?**

On April 1, a small army of government enumerators begins taking our nineteenth census, that once-a-decade statistical photograph of the United States.

The states' representation in Congress is based on this population count. Many programs for welfare, education, veterans, senior citizens and minorities depend on accurate information about how many people we have and where they live.

In addition to population figures, the census will provide information on aspects of people's lives including

their income, education and housing. Its statistics will help communities plan for future school needs. They will indicate how much new housing will be required and whether sewer, water and health facilities must be expanded. For business, the census will provide information on which to base expansion, where to locate new

Many people contend that in our mobile society a census every 10 years is not enough—that because population shifts are so rapid and decisive now, the vital statistical information

provided is needed at least every five

On the other hand, many citizens feel that the census inquires too deeply into private matters, and contend that having it every five years would just be that much more invasion of privacy. They also say there would be a doubling of the costs, an estimated \$210 million this year.

A score of bills have been introduced in Congress to hold the census every five years. How do you feel? Should we take a census every five years instead of once a decade?

Jack Wooldridge, Editor Nation's Business 1615 H Street N.W. Washington, D.C. 20006			
Should we take a five-year census?		☐ Yes	□ No
Comments:			
			*********
	Name and title		

# SOUND OFF RESPONSE

# OFF SPARKS FLY OVER "POT"

Few questions raised by "Sound Off to the Editor" have generated as much heat as did last month's: "Should marijuana penalties be lightened?"

Opinions tended to clash violently. "No, no, a thousand times no!" was the answer of John E. Wolf Jr., vice president, The John E. Wolf Co., Oklahoma City, Okla. And W. E. Strother Jr., of Strother & Co., Atlanta, Ga., argued for even heavier punishment—"the death penalty for second time conviction of sale; the death penalty for first sale to minors."

On the other hand, John F. Weldon, president, Weldon Engineering Co., Des Plaines, Ill., wrote: "I find it hard to justify laws prohibiting the possession and use of marijuana without similar laws prohibiting the possession and use of alcohol. Since I have the freedom to enjoy a martini, I feel others should have the freedom to enjoy marijuana."

Ruth Hurd, administrative assistant, Dun & Bradstreet, Inc., New York, N. Y., took the same view: "Not only should the penalties be lightened, but marijuana should be legalized and treated in the same way alcohol is treated."

All in all, answers ran roughly five to three against easing up on penalties. And many of those who answered "Yes," emphasized they meant "No" when it came to sellers rather than users of "pot."

Peter Drake, manager, National Fish Hatcheries, Brimley, Mich., said penalties for "experimenting" with the drug are out of line with "the seriousness of the known consequences of its use" and added: "We should not make jailbirds out of our kids." But he said "selling or moving large quantities" of the drug "represent a different situation."

Another Michigander who felt punishment of users should be lighter, Jerry A. Marshall of Marshall's Real Estate in Marlette, advocated the death sentence, "preferably by hanging in public," for "pushers."

A number of readers cited personal experience in arguing on one side or the other.

"One of my nephews lost a year of college because of effects of pot and we barely saved his ability to reason," wrote a businessman in Puerto Rico who opposed less severe marijuana penalties.

"The penalty should be increased on all intoxicants that are habitforming," said a Kentucky businesswoman. "I have watched this habit destroy my brother and his family. It's worse than death. I have been in close contact with lots of young women who are not able to control their own lives."

Philip H. Joyce, a Pittsburgh, Pa., certified public accountant who took the other side, also cited personal knowledge, though not of the same close-to-home variety. He discovered as a "religious teacher in my church," he said, that "many high school students know of fellow students using marijuana but refuse to report them because of strict laws."

J. B. Killam, secretary-treasurer of Neff Bros., Inc., Dallas, Texas, describing as "medieval" the penalty "for mere possession by sometimes innocent people," reported: "It cost a friend of mine over \$200 in attorney fees because a high school kid tossed a package of the stuff in his car."

Joel R. Herndon, vice president of the Diamond Paper Co., Danville, Va., said that perhaps teen-agers should face only misdemeanor charges the first time they're caught with marijuana, but on the basis of "some of the evils" of the drug he saw while serving on a grand jury, "the pusher should be charged with a felony plus."

In San Pedro, Calif., according to Mrs. A. E. Jafraty, owner of the Ramona Bakery Co., "elementary school children are using marijuana, and young adults cannot study, drive a car or hold a job, under the influence of the drug."

Some other comments:

"Judges now tend to give probation to first offenders so as to spare them from heavy sentences. Making a lesser jail sentence possible would put more offenders off the streets."—J. C. Grysen, vice president, Holland Die Casting & Plating Co., Inc., Holland, Mich.

"A person who has not used pot seldom becomes a user of the more potent drugs. Pot is psychologically addictive and easily becomes a crutch." —Berle Zimmerman, operations and sales manager, R. C. Motor Lines, Baltimore, Md.

"Marijuana should be made available and legal through a public office, where a user would be registered. Any other source should be illegal and severely punished. . . . Users could be studied. . . . Opening a legal source would harm the nontaxed underworld pusher and supplier."—Bill Bertig, Bill Bertig Realty, Valparaiso, Ind.

"Legalized marijuana could only lead to a competitive race to market the most potent product."—R. K. Wilson, plant manager, Armstrong Cork Co., Kankakee, Ill.

"Marijuana has moved to the point that it is as acceptable as alcohol and proven to be no more dangerous. If federal narcotics agents believe pot buyers will come in contact with drug sellers, then legalize marijuana and allow it to be sold over the counter or, at least, by pharmacists."—R. Bruce Farren, manager of community relations, Cooper-Bessemer Co., Mt. Vernon, Ohio.

"When we know something is wrong, there is no need to condone it because more people are doing it."—J. Haywood Smith, architect, Jackson, Tenn.











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# J. Edgar Hoover warns that those who handle securities should tighten up on security measures



Harr

Business has a vital interest in the growing number of thefts of stocks and other securities. In this interview, J. Edgar Hoover, director of the Federal Bureau of Investigation, discusses the problem and offers advice on how the financial community can help in solving it.

Mr. Hoover, more and more frequently you hear of arrests being made by the FBI involving stolen stocks and bonds. How does the FBI get involved in cases of this type?

The FBI has for many years actively investigated the theft of stocks and bonds, including those from brokerage houses, under the Interstate Transportation of Stolen Property Statute which makes it an offense to transport interstate stolen property valued at \$5,000 or more. The act also covers interstate transportation of counterfeit, falsely made, altered or forged securities regardless of value. The FBI also has jurisdiction in stock and bond cases when an officer or employee of a banking institution covered by the Federal Reserve Act steals or embezzles Securities.

But doesn't the Securities and Exchange Commission also have an interest?

It certainly does, but in a much broader sense. We are responsible for the investigation of criminal violations within our jurisdiction. The Securities and Exchange Commission is basically a regulatory agency interested in insuring that the securities industry is run pursuant to the law and that those in the industry do not engage in fraudulent and unethical practices. For instance, the SEC is charged with "protecting" the public from purchasing fraudulent issues of

stock and it, of course, has many other regulatory functions.

If the FBI has had investigative responsibility in this field for years, what is causing the sudden awareness of the problem?

That is simple. More of these crimes are being committed and they involve larger amounts than ever before.

We first began to notice the upward trend about seven years ago. Prior to that time it was an unusual thief who actually sought to steal stocks and bonds. Some of the thefts that did occur were a by-product of other criminal activity. For instance, a burglar might almost inadvertently include in his loot stock certificates or bonds from a home or bank he burglarized. But he considered such documents in the same way that he would consider marked money. He felt they could be traced and would be evidence connecting him with the crime.

Usually he resolved the matter by destroying the incriminating evidence. Some of the more enterprising might contact a fence and even succeed in selling these securities, particularly if they were "bearer" instruments which did not have to be endorsed in order to be negotiated. But, basically, there was no demand in the underworld for stolen securities, since no relatively safe means of disposal or use had been conceived.

Then, as I've said, we began to notice a change. It is almost an axiom of law enforcement that whatever new knowledge our society gains will be tested by the criminal element in an effort to use it for unlawful purposes.

Not too many years ago, many of

our citizens did not even trust paper currency. They wanted "hard" cash —gold or silver. That certainly is not the case today and, in fact, we are living in an era when cash in any form is almost a secondary means of transacting business. Checks, credit cards and even trading stamps are part of our everyday life.

Certainly, stock and bond transactions have become more and more familiar to the average citizen who, a few years ago, might have considered it somewhat risky to take his money out of the cookie jar and put it in the bank.

In other words, most citizens today are far more sophisticated about financial transactions. This, of course, includes those who are always seeking a way to turn a dishonest dollar.

What is the thief or receiver doing now that he didn't do in the past?

Partially, he has lost the fear of possession and use of stolen securities. Additionally, he has recognized the often extremely large amounts of money that financial paper represents. Accordingly, he is willing to use that paper rather than destroy it. And, in fact, today he is actively seeking to acquire it.

How does the thief or receiver usually benefit from stolen securities?

First, and most simply, he can sell them. This often requires forging the necessary endorsements, but today's more sophisticated criminal is aware that the instrument probably will not be detected as a forgery until it reaches the transfer agent after passing through one or more brokerage houses; and not even then if the theft has not been detected and reported. Selling does present a risk and, since

# The Bull Market in Stock and Bond Thefts continued

most stock is sold through brokerage houses which insist on some form of identification and indication of ownership, a plan to sell stolen stock might require creating an elaborate false identification.

A safer and more frequent use of stolen or counterfeit stocks or bonds is to pledge them as collateral for a loan at a bank or other financial institutions or even to use them in an escrow-type agreement, perhaps as security for a performance bond.

### Don't the banks or financial institutions ever check the ownership of securities used as collateral?

I will not say that they never check, but certainly we have found that they do not check frequently enough, particularly if they are acquainted with the individual who is using the securities for collateral. That person could be one who has carefully cultivated a relationship over a period of several months for this very purpose, or he could be a dupe—third party—used by the thief.

### Do you have any indication as to the extent to which stock-and-bond stealing has grown?

An indication is given by some of the new work we have received just since the beginning of 1969. From the New York City area alone we now have under investigation 31 cases involving approximately \$36 million in securities. These are just the cases which have come to our attention in one manner or another; there is no way to be certain that all such thefts have been detected.

### How is it possible to have a theft running into hundreds of thousands or even millions of dollars without knowing about it?

Let me give you an example. One theft we investigated involved La Cosa Nostra members and has resulted in the arrest of five individuals. Approximately \$4.5 million in securities was stolen from several brokerage houses and banks and approximately \$3,350,000 had been negotiated. Through our investigation of a known stock and bond thief, we turned up information that he was frequently negotiating such securities. By tracing these instruments back, we identi-

fied a brokerage firm and reported to it that a number of securities originating with it had been negotiated by our suspect. The brokerage house had no knowledge of any of these thefts and subsequently told us it probably never would have detected them.

Apparently, an employee responsible for sending transfer orders to the stock transfer agent had been corrupted and would simply delete some of the names of actual purchasers and designate instead the names supplied by the thief. When these stocks were returned to the brokerage firm, the employee would remove the stocks with the fictitious names.

### You mentioned La Cosa Nostra. Does organized crime play a major role in these cases?

Indeed it does. I would not credit La Cosa Nostra or the other elements of organized crime with all the thefts on Wall Street, but quite frequently either members of La Cosa Nostra or their close associates turn up in our investigations.

One current case involves eight separate thefts totaling about \$17 million in which we have made a number of arrests and recovered many of the stolen securities. One of the persons we arrested is known to us as a member of La Cosa Nostra and additional arrests are pending. Before we were called into the case, the subjects were able to realize in the neighborhood of \$1.8 million.

### What kind of securities were involved?

Predominantly, U. S. Treasury notes and bills which varied in amounts up to \$1 million. They were "bearer" securities.

### Are there other cases involving prominent criminal figures?

Yes. During the past fiscal year, Carmine Lombardozzi, often referred to as La Cosa Nostra's "Wall Street representative," was convicted of participating in the interstate transportation of a \$17,000 check stolen from a New York brokerage house. Boston mobster Vincent Teresa also was convicted last year of involvement in the theft of \$750,000 worth of securities, some of which were traced as far as Europe.

In connection with another sophis-

ticated scheme, a La Cosa Nostra leader, Anthony Di Lorenzo, recently was convicted in federal court in New York City. In this scheme, 2,600 shares of International Business Machines stock, part of a 5,000-share theft from a New York brokerage firm, were sent to Pennsylvania where they were used in an escrow arrangement to fund the rehabilitation of a failing insurance company. Although thwarted before insurance was sold. insurance purchasers would have had no real protection because the company's alleged assets would have consisted principally of this stolen stock, then valued at \$1 million. The scheme did, however, permit the subjects involved to raise money elsewhere by pledging the insurance company's

# You have mentioned New York several times. Is this the only financial center suffering major losses?

New York certainly has been hit the hardest, but these crimes are not unique to the New York area. We have thefts reported from such areas as Boston and Los Angeles. On Nov. 10 of last year we concluded a trial in New York which resulted in the conviction of six persons. That case involved the theft of approximately \$500,000 in securities from a Los Angeles brokerage firm.

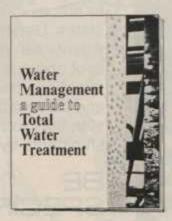
The two female employees suspected of having stolen the securities were murdered in December, 1967, and their bodies submerged in Whiskey Creek in Florida. Jack "Murph the Surf" Murphy and another individual have been convicted of one of these murders and Murphy also pleaded guilty to conspiracy charges arising from the interstate transportation of the securities. You may recall that Murphy gained front-page notoriety not too many years ago for his theft of the Star of India and other gems from the American Museum of Natural History in New York City. The other convictions in this case grew out of attempts to negotiate these securities in New York.

Is it unusual for your investigations of stolen securities to involve foreign countries such as in the Teresa case you mentioned?

No. The FBI maintains close liai-

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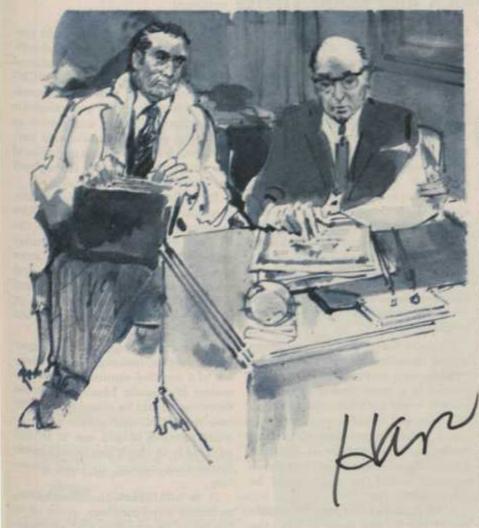
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A lending institution which requires full proof of ownership on real estate, complete with title search, may not be nearly so cautious about stocks and bonds used as loan collateral.



son with law enforcement agencies in the major foreign countries except those that are behind the Iron Curtain.

Over the years we have had many cases involving the negotiation of stolen securities in Switzerland.

In July, 1969, a trial was concluded in Britain in which a number of international stock and bond thieves were convicted, including some Americans.

For the most part, the securities involved were stolen in the United States and negotiated overseas. Evidence we developed was furnished to British authorities to assist in their prosecution.

Canada also has become aware of an increase in the negotiation of securities stolen here. The Royal Canadian Mounted Police and the FBI are working very closely on this problem and several arrests have been made in both countries in cases of this type.

Does the FBI have the same problem with counterfeit securities that it has with stolen stocks and bonds?

We have several counterfeit cases under investigation, but, while there is indeed a problem, it has not reached the proportion of the cases involving stolen securities. A counterfeiting operation must be highly professional if phony certificates are to be represented as genuine. Generally, counterfeit securities are used only as collateral for loans since their counterfeit nature would be detected very quickly if they were sold and thus placed on the open market.

Some of the current counterfeits being used are excellent reproductions of actual certificates although they are detectable by an expert or, for that matter, by one who knows what to look for. These counterfeits all are \$1,000 "bearer" bonds and they include International Telephone and Telegraph Corp. 4.90 per cent debentures, due April 1, 1987; Indiana Toll Road Commission 3½ per cent revenue bonds, due Jan. 1, 1994; and Standard Oil Co. of California 4% per cent sinking fund debentures due July 1, 1983. Our investigations have uncovered over \$3 million worth of these counterfeits being used.

Mr. Hoover, your comments have highlighted the seriousness of a relatively new type of crime facing not only our financial community but our entire society. It seems obvious that law enforcement, in spite of its success in individual cases, cannot cure the probblem's basic cause. Do you have any observations as to what should be done?

There seems to be little doubt that this problem has been aggravated by basic weaknesses in our financial community. In most cases, corruption of employees is a necessary element. These stocks and bonds are not simply left lying about. The question the industry must answer is whether its security measures are adequate. We in the FBI recognize the problems confronting brokerage houses which must keep their operations fluid in order to attain as high a degree of trade efficiency as possible while, at the same time, attempting to maintain a system of internal security. The two objectives are difficult to reconcile.

When a customer buys or sells securities, he has the right to expect his transaction to be handled quickly and his purchase to be delivered in a reasonable time.

As you know, banks dealing in cash transactions require their tellers to "prove out" at the end of each day, and an accounting procedure of this type would certainly go a long way in preventing large-scale thefts in the brokerage houses.

We recognize that procedures used by bank tellers may not be possible in the securities industry, but the technique seems to be one which should be carefully studied and perhaps adapted in part.

I know that the industry currently has this entire problem under careful

#### The Bull Market in Stock and Bond Thefts continued

study and is attempting to devise procedures that would discourage or eliminate these thefts. Those whose business it is to deal in stocks and bonds know best the problems they face and what solutions must be found.

I mentioned earlier a case in which the brokerage firm indicated it probably would not have detected the thefts had we not been able to trace the sales back to it and alerted it. This is not a common situation, but it does happen frequently enough for us to be very concerned about the accounting procedures used by brokerage houses and even the banking industry when it comes to handling securities.

Do you mean some banks don't use the same degree of caution in transactions involving securities that they do in other matters?

It seems that way. I have mentioned their strict accounting system requiring the tellers to "prove out" each day. You also know that any lending institution considering a mortgage on even a small parcel of land involving only a few thousand dollars would require complete proof of ownership and would even require the title to be checked carefully by its lawyers to insure that there were no encumbrances against the land.

It seems surprising that the same institution, when making loans involving sometimes hundreds of thousands or even millions of dollars, will not take similar precautions to check the authenticity, the ownership, and so forth of stocks and bonds used as collateral.

One practice that affects both the securities industry and banking institutions is that followed by some houses of immediately endorsing stock they hold in Street names. This, of course, is stock belonging to customers but registered in the brokerage firm's name while it is custodian of the securities. To endorse this stock immediately, in effect, makes it a "bearer" instrument. Can you conceive of the same company officials signing a book of checks in blank? But that is somewhat similar to the practice they are following by allow-

ing immediate endorsement of securities carried in Street names.

Compounding the problem is the fact that we have found cases in which banks accept stocks of this nature as collateral. Bankers are assumed to be knowledgeable concerning financial transactions of all types and should be aware that Street name stock should not be in the possession of an individual, even though it is endorsed. While it is not absolutely impossible for an individual to obtain legitimate possession, it is highly unusual and should at least give rise to thorough inquiry by the lending institution.

Are there any other methods through which the securities industry can help protect itself?

We have found that the brokerage houses have frequent internal audits by their own employees, and this, of course, is a most desirable practice since it could lead to early detection of a loss and could even discourage thefts. At the same time it must be recognized that there is an inherent danger since one of the employees responsible for the audit could be involved in a theft.

Most firms do have periodic outside audits but do not want to have the outsiders come in too frequently since it tends to disrupt the firm's operation. More frequent outside audits on a staggered basis, whether complete or of a spot-check type, would be a preventative step. We would also like to see the industry promptly report missing securities to the FBI or to local law enforcement agencies, particularly when large amounts in quantity or value are involved, even though there may be no immediate evidence of theft.

What good does it do to tell you or the local law enforcement authorities of missing stock when there is no immediate evidence of theft?

Well, though the FBI has no authority to institute an investigation until there is evidence of a theft, knowledge of missing securities could help it or other investigative agencies determine a pattern which might not be discernible to the brokerage house itself. More important, it would permit a description of the missing securities to be entered into the National Crime Information Center. The NCIC is a computerized index of information concerning crime and criminals of nationwide interest and serves as a nucleus of a communications network which includes state and federal law enforcement agencies throughout the United States and Canada.

In addition to other information, descriptive data on stolen securities is entered into this computer by the FBI and by law enforcement agencies across the country. The states have direct tie-in to our computer and make direct inquiry of it. We currently have almost 525,000 stolen or missing securities entered in the NCIC.

A law enforcement agency may check the description and serial number of a security against this list in a matter of seconds. Ideally, all stolen securities should be entered promptly into the NCIC and all law enforcement agencies should use it to full advantage to check any questionable transaction coming to their attention.

It is vital that the description, including serial numbers, given us or the police be complete and accurate.

The NCIC is not directly available to the securities industry or lending institutions, since it is a law enforcement tool.

#### Do you have any final comment?

We have covered some of the techniques used by thieves and some of the problems faced by the securities industry and the lending institutions. As I've said, this is a relatively new situation aggravated partly by the fact that our financial industry has never really had to cope with these thefts before and was not geared to protect itself. I think one of the most effective deterrents is education, both of the personnel in the brokerage houses and in our banking industry. Once these institutions become fully aware that criminal enterprise is capable of taking from them millions of dollars, I am sure they will take positive steps to invoke protective END procedures.

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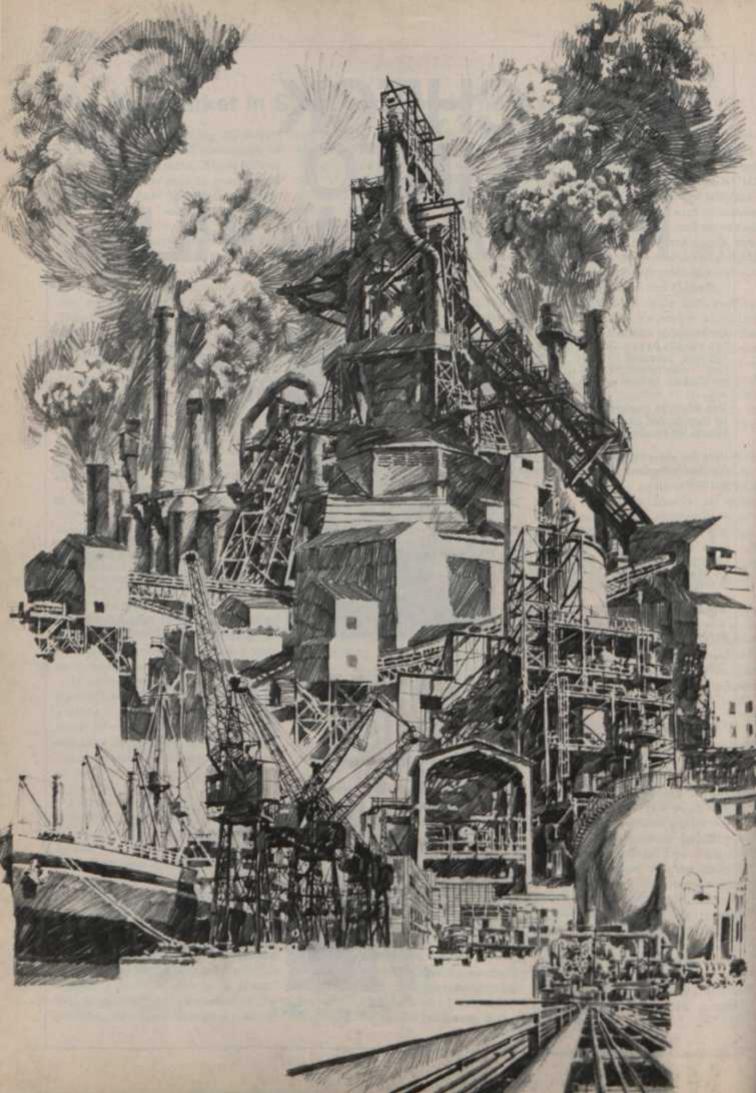
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HOME OFFICES

## WHY BUSINESSMEN SERVE IN WASHINGTON\*

#### \*Not to mention the Trust Territory of the Pacific Islands

You see them every day around Washington—successful businessmen who have left fine careers for government service, with its limited financial rewards, its disruption of families' ways of life, its extra headaches involving bureaucrats, press and public, its uncertain effect on the businessmen's status if and when they return to private industry.

The more you see of these men and what they've let themselves in for, the more you wonder why they agreed to work for government.

NATION'S BUSINESS asked Harry Flemming, top personnel talent scout for President Nixon, what type of executive the Administration sought.

"Money was rarely mentioned," said Mr. Flemming. "We looked for loyalty, belief in the Nixon programs, willingness to be a part of a team.

"We wanted men who can pace themselves. President Eisenhower brought in 45 major programs when he was in office. President Johnson brought in 440. They came so fast and were so varied that the LBJ group of executives couldn't handle them. Our guideline is to get major legislation as fast as it can be handled."

You can understand top businessmen accepting Cabinet positions, but NATION'S BUSINESS asked 11 men who have come to lesser government posts in the last year from high-ranked jobs in private business why they came. Here is how they feel about the period in their lives to which they will always refer as: "That time when I was in Washington..."



Under Secretary of Commerce Rocco C. Siciliano is making \$40,000 a year. Just over a year ago he was earning more than \$100,000 as a partner in a top law firm and as president of the Pacific Maritime Association of shipping and terminal companies. "I'm hurting financially, I don't mind telling you," he says. "I've got a lot of kids (five) and two are in college." But he adds, "Washington and San Francisco are our two homes and it's nice being back East. I worked and studied here for 17 years. And I like government work. There are more challenges, more satisfactions, more frustrations-in that order." Mr. Siciliano feels that the Commerce Department lost its head of steam in the last Administration, and that he and Secretary Maurice H. Stans can get the Department moving again, He enjoys Washington in off-the-job hours as well as at work. Here, he's at a fancy White House function. (Mr. Siciliano is the author of an article in this issue of Nation's Business. See "A Piece of the Action," on page 56.)



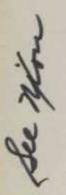
One of the most contented of new Washington officials is John H. Shaffer, head of the Federal Aviation Administration. He's always been an airplane man, war pilot and all. "T've got the best job in Washington—better than Nixon's," he says. At TRW Inc., where he was vice president, he worked against air and noise pollution, and this is a big part of his FAA work. "I knew a long time ago the need for remedial devices would be acute," Mr. Shaffer says. By 1973 he expects almost total on-time living by airlines. "We've got the technology, all we need now is the money," he explains. Also by 1973 there should be far less airport congestion, he says. Mr. Shaffer constantly is hopping into his black limeusine for a quick trip to an airport; he flew 100,000 miles in seven months. Though his work involves the most modern technology, he collects antique furniture, antique harness brasses and old embroideries of transport scenes. He's also restoring a mill in Maryland and looking for a federal house to restore in Alexandria, Va.

#### Why Businessmen Serve in Washington continued



Why should an immensely wealthy businessman, a yachtsman who led U. S. craft to victories in the America's Cup races. elect to join the government? "The answer is simple," says Emil "Bus" Mosbacher Jr., now chief of protocol at the State Department with the rank of ambassador, "How could I ever criticize the government again if I had refused to take part in it when the chance was offered to me?" Ambassador Mosbacher has learned diplomatic ways well. He won't directly admit the social pace is brutal, but he will say he's fixed things so that assistants can represent him at some of the hundreds of parties he must attend. Many social functions are "very useful to me" and he enjoys them. But, he's gained weight and insists he still likes plain food and going to bed early. One facet of his job is providing protection for embassies in the nation's capital. The foreigners who are under Ambassador Mosbacher's wing do not enjoy diplomatic immunity from Washington's crime rate—only from the police.

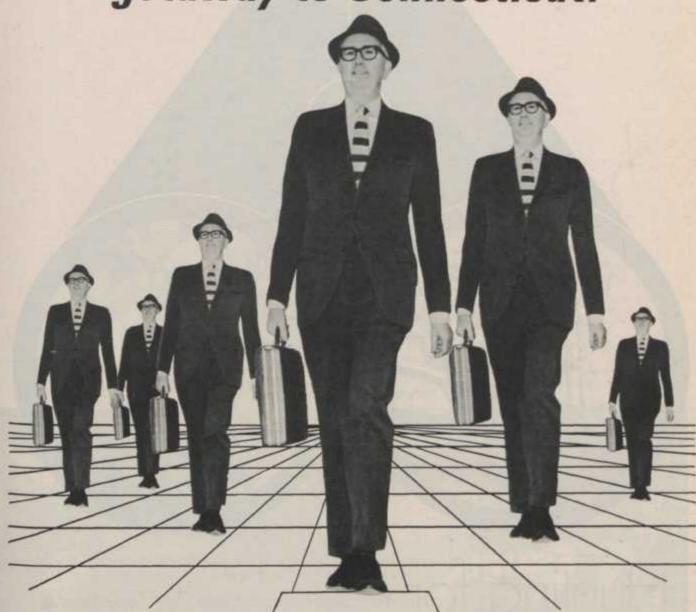
WHITE MINES PRITTI





Edward E. Johnston eagerly snatched up President Nixon's offer to become high commissioner for the Trust Territory of the Pacific Islands. So much needs to be done for the 97,000 Micronesians, spread over three million square miles of western Pacific, whom he watches out for. Commissioner Johnston's area, one of the world's last frontiers, includes 2.141 islands and nine dialects, plus typhoons, water shortages, inadequate transportation, irregular delivery of fresh foods, and practically no title system for property. He works six days a week, from 7 to 7, and travels too much for it to be fun. And to think he left a fine insurance business in Hawaii for this! Is he glad he did? Yes, and so are his wife and two daughters. The reason: Commissioner Johnston feels he's answered a challenge and is improving the Micronesians' lot. When he visits some of the islands, such as here at Yap, chiefs gather to greet him.

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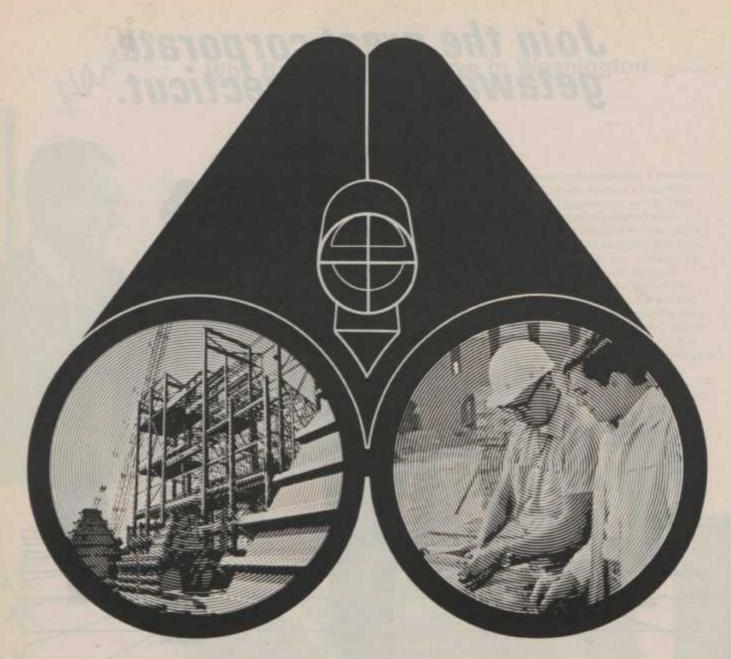
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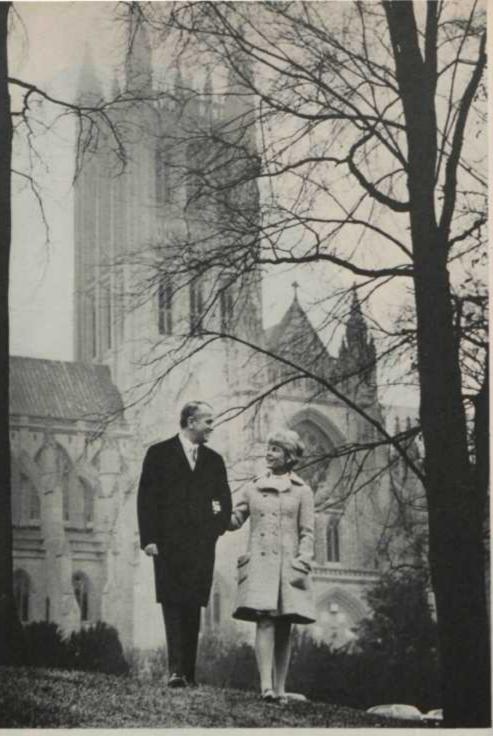
Would you believe a \$200,000-a-year man could forsake industry and move from New York, which he enjoyed, to Washington, which he didn't like? That's what Ted Klassen, former president of American Can Codid. Now he's Deputy Postmaster General. In government, he's earning \$40,000, which is about the average yearly expense account for executives at his former level. "The U. S. A. has done an awful lot for me," he says, "and what did I ever do for it? Because of a childhood injury, I couldn't even get into the service when I was younger. So, when "Red" Blount (the Postmaster General) talked to me about this job, I felt an obligation to serve in the public sector." Mr. Klassen has become fully committed to the tasks of improving the Post Office. "I have been keenly impressed by the strong dedication of the postal establishment," he says, "but am appalled by the day-to-day political involvement which does not allow its managers to manage. A business wouldn't last three weeks run this way, and I hope I can help improve this situation while I'm here."



#### Why Businessmen Serve in Washington

continued

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Randolph W. Thrower seems well on his way to becoming the most popular Internal Revenue Commissioner in the history of tax collecting-at least with other tax collectors. He travels about the country often and every time he reaches a new town he goes by the IRS office, shakes hands all around, makes a little speech, gets up the old ginger. He's the only Commissioner whom thousands of IRS people have ever seen. Mr. Thrower is a tax man, first, last and always. As a successful Atlanta lawyer he worked largely in tax matters, so when the world's biggest tax job-to collect \$200 billion a year-was offered by his fellow Republican, Richard Nixon, he reached for it fast. He feels he's apolitical now, although he's a former Republican candidate for Congress from Georgia, Mr. and Mrs. Thrower live near the Washington Cathedral, whose grounds they often walk. He's not a great one for the social event, but he enjoys an occasional banquet, ball or soirce and in Washington a man of his rank can go out socially just as often as he wants to.



Assistant Secretary of Defense for Manpower and Reserve Affairs Roger T. Kelley is a strange one for Washington-he enjoys testifying on Capitol Hill. Two Congressmen he deals with often are (left) F. Edward Hebert (D.-La.) and (right) Alexander Pirnie (R.-N.Y.), both House Armed Services Committee members. Mr. Kelley likes military men, too, and he's been seeing plenty of them since he gave up his job as vice president for personnel and public affairs for The Caterpillar Tractor Co. One advantage of his present occupation is that in the capital he can satisfy his family's yearning to see historic sights. "You pick a family for a job like this just as much as you pick the man for the job," he says. "Mr. Nixon got a good family." The Defense Department handles more personnel than any other organization in the U.S., and Mr. Kelley's a lifelong personnel man. "This job is so big I ask myself, "Where can I go from here?" " he says. In learning about personnel problems, he asks enlisted men "to spill their guts to me," and he's gotten much information this way. Feeling that he makes a real contribution helps make up for a comedown in salary and having to sell his Caterpillar stock so he could take the government job.



Dr. George H. Brown doesn't have too much time right now for the visits he likes to make to such Washington culture spots as the National Art Gallery. He is busily getting ready to count U. S. noses as director of the Census Bureau. Dr. Brown comes to government from the academic world (he was a University of Chicago professor for 17 years) and industry (he was Ford Motor Co.'s director of marketing research). He admits he's "making a lot less money than I did at Ford." but notes there are other compensations. His job involves something he delights and excels in—compiling statistics—and he's pleased at the efficiency he finds at the Census Bureau. The U. S. census is the world's biggest because counting costs \$1 a head and no other nation can afford a similar one. Thirty-seven Soviet experts have visited Dr. Brown to learn how it's done. He expects that it eventually will be done more often—every five years—and that more frequent spot-checking will keep census figures up-to-date. (See "Sound Off to the Editor," page 23.)

continued on next page

#### Why Businessmen Serve in Washington continued

Some say Budget Director Robert P. Mayo is the nicest man in the capital with the meanest job. "I came back to Washington (he formerly held Treasury posts) because I believed I'm the best man to do this job and because I like making high policy," he says. He enjoys dealing with others high in government, such as Arthur Burns (left), new head of the Federal Reserve system. But he also loves to lunch with old friends who rank miles below him in the federal hierarchy. "I was here for 19 years, and all my kids were born within a mile of my office," he explains, "Then I made my escape from Washington nine years ago. When the time comes, I'll escape again." As vice president of Continental Illinois Bank, he notes, "I was making considerably more than the \$42,500 here. But I'm glad I'm back." So is Richard Nixon, who once declared, "When Bob Mayo says something, I mean it."



PROTOE: VOICES SEARCES



Kenneth N. Davis Jr., who quit IBM as vice president and treasurer to become Assistant Secretary of Commerce for Domestic and International Business, delights in doing the unexpected-once, at IBM, he chose to head a 13-man unit when he could have taken over a 2,000-man department. So if he had any feeling that the pace of his work would be slower in government, he must be delighted now. He says he handles more problems, does more reading and has more contacts with people than he did at IBM. He has learned more than he expected to learn in his first year in Washington, he says. His big job now is "trying to get protectionists and free traders together instead of having them cancel each other out." To accomplish this, he gets to all sorts of get-togethers, such as this one at the Yugoslav Embassy (the balding man in the doorway is Soviet Ambassador Anatoly Dobrynin). A very big drawback to Washington is the necessity of leaving his wife and youngsters in Pound Ridge, N. Y., where the Davises are building a new home. He sees them on weekends.

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Let us be the first to tell you, in case you haven't already figured it out, that finding a new plant site is not one of the easier jobs known to man. And if you're feeling a little baffled and frustrated by the job, it's only natural and reasonable.

In fact, it's probably better that way. Because too many mistakes have been made by people who thought they knew all the answers.

Okay. Now that we've told you it's natural to feel frustrated and confused, we'd like to suggest some ways you can become unfrustrated and unconfused.

First, send for an informative little booklet called <u>How to Find a Plant Site</u> Without Losing Your Mind. It's free, and you get it by writing AEP, Room 13A711,

2 Broadway, New York, N. Y. 10004.

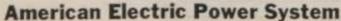
Unlike most area development booklets, this one is not a sales pitch giving you all kinds of facts about a specific area. It's a helpful guide that tells you how to go about organizing a plant site search. It tells you who

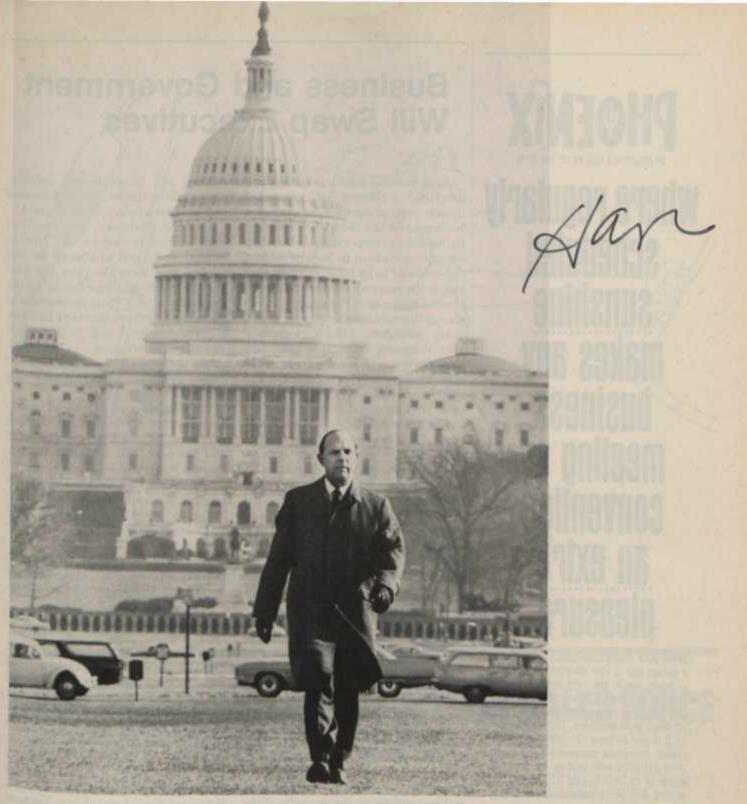
should be involved, what specific things you should know about your company's requirements, what pitfalls to look out for and how to evaluate the information you collect.

After you've read this book you might like to talk with one of the men who wrote it. (You can do this by calling (212) 422-4800.) He's a professional backed by our sixty year's experience helping thousands of businesses to locate. He'll discuss your needs with you in more detail. And after close study, he may recommend a few plant site possibilities in middle America: 2,296 communities in Ohio, Indiana, Michigan, West Virginia, Virginia, Kentucky and Tennessee. This is the area we service with electricity, I and the chances are very good that within it somewhere is just the plant site you've been looking for.

But if it should turn out that our area isn't right for you, we'll still help you. Because someday it may be right for you. And when it

> to come back to us.





"I always told my son and daughter that they should someday do something for their country, so when I was offered the job of Under Secretary of Labor, what could I do?" says James D. Hodgson. "I had to take it, and I'm not sorry I did." Mr. Hodgson was corporate vice president for industrial relations for Lockheed Aircraft Corp. in Burbank, Calif. He has dealt with big organizations and labor all his business life, and he is still doing it. But he makes \$20,000 less than he did at Lockheed, and he works seven days a week. Still, he's actually enjoying Washington. He's a full-range Labor Department man—working with unions and the academic world, going up to Capital Hill to testify. He goes out officially about three times a week, and attends White House white tie affairs occasionally. Mr. Hodgson says he's learned many things in Washington, one of which is that men from very large companies are particularly suited to work for the government because it's the biggest business there is.

More businessmen soon will be serving in government, but on different terms than the men who have been pictured here. An executive exchange program between the public and private sectors is about to get under way. See next page.



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#### Business and Government Will Swap Executives

After years of thinking, talking and delaying, a dream of improving liaison and understanding between business and the federal government by means of temporarily exchanging executives is about to become reality.

Scheduled to be activated this summer is the program of the President's Commission on Personnel Interchange to send annually 40 very promising, youngish, \$18,000-or-more-a-year company executives into full-time government service for 12 to 18 months, and for private companies to receive an equal number of comparable civil servants.

The plan has been talked about since Eisenhower Administration days. Neither industry nor government found overriding objections to it, but like so many things involving government, it merely hung around—neither moving toward going into effect, nor fading from sight.

Last autumn the President's Commission was revitalized. Robert S. Smith moved boldly forward in his role as executive director, in association with a star-studded array of company presidents, board chairmen and executive vice presidents. President Nixon gave his blessings, and government people were told to get the plan going.

Details of the plan:

- Business and government will nominate young men and women for participation.
- They will serve in bona fide operating positions for a year to 18 months.
- They will be on the payrolls of the host organization, but will be serving under leaves of absence from their sponsoring organizations.
- They will participate in group and individual development programs which will complement their working experience.
- They will participate in seminars, at the beginning and ending of their assignments, for orientation and debriefing purposes.

 They will be evaluated continually, while on the job, for performance and appropriateness of assignment.

David J. Mahoney, president and chief executive officer of Norton Simon, Inc., and chairman of the Commission, says the plan will provide "a significant number of young careerists with a total immersion in the working environments of business and government," and "will improve executive performance . . . by sharpening the skills and broadening the knowledge of the participating young men and women.

"It will improve individual understanding for more effective working relationships between government and business, and encourage a continuing interchange of management practices. As the program continues to grow, it should imbue fresh thinking into inbred organizations and demonstrate the benefits of crossfertilization."

Companies indicating interest in participating include: American Airlines, Inc.; American Can Co.; American Electric Power Co., Inc.; American Telephone & Telegraph Co.: Borg-Warner Corp.; Chase Manhattan Bank; Chrysler Corp.; Cluett, Peabody & Co., Inc.; Consolidated Edison Co. of New York; Continental Oil Co.; Cummins Engine Co., Inc.; Eastman Kodak Co.; General Electric Co.; Goodyear Tire & Rubber Co.; Hewlett-Packard Co.; Honeywell Inc.; Humble Oil & Refining Co.; IBM Corp.; Kaiser Industries Corp.; Kidder, Peabody & Co., Inc.; Koppers Co., Inc.; Ling-Temco-Vought, Inc.; Mobil Oil Corp.; North American Rockwell Corp.; Norton Simon, Inc.; Olin Corp.; Owens-Illinois, Inc.; Pacific Gas & Electric Co.; Chas. Pfizer & Co., Inc.; PPG Industries, Inc.; RCA; Singer Co.; Texas Instruments Inc.; Textron Inc.; TRW Inc.; Union Camp Corp.; Union Carbide Corp.; Wells Fargo Bank; Westinghouse Electric Corp. and Xerox Corp. END



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## Walter Finke of Dictaphone Corp.

#### Diversification in a career —and in a company

Walter Finke isn't only a success story, he's a library of them.

The 62-year-old president, board chairman and chief executive officer of the Dictaphone Corp. acquired a "can-do" reputation when he entered the University of Minnesota at the age of 16 and worked his way through as what amounted to a one-man campus conglomerate, winning election to Phi Beta Kappa at 18 and graduating cum laude.

People started coming to him in those days with challenging assignments. They've been coming ever since. People like football's legendary Bronco Nagurski, the governors of two states, chiefs of wartime federal agencies, leaders of the Minneapolis Chamber of Commerce, officers of the Honeywell Corp. and, most recently, of Dictaphone, where he took on another tough challenge in 1967.

As a director of Dictaphone for four years before that, Mr. Finke had shared the view that the famous old company was in need of revitalization.

It had pioneered in recorded sound and was so well known that any office dictating machine was, for many years, apt to be called "the Dictaphone."

But the parade the company started passed it by. It stayed with its single product, the dictating machine. Others reaped the big benefits as recording boomed into a multibillion dollar industry.

Then, in the middle 1960's, Dictaphone began to stir, and one key move was to prevail on Mr. Finke to take over the leadership of the company.

The short, trim executive brought to Dictaphone exceptional managerial skills, an infectious dedication to succeeding, the plainspoken, common sense of his native Midwest, a good sense of humor and an unabashed belief in hard work and "profitability."

Sales that long stayed around \$30 million a year have soared—to nearly \$100 million in 1969—under Mr. Finke's leadership. The company has expanded, under his "systems approach," to the point where it now offers a wide range of highly sophisticated equipment used not only in offices but in such places as hospital operating rooms and spacecraft. Dictaphone also has gone into office supplies and services, furniture, temporary office personnel and business schools. Overseas operations have undergone a massive expansion.

And it's all being run from a modern headquarters in Rye, N. Y., a new home that's symbolic of the company's new outlook.

Mr. Finke tells about himself and his company in this interview with a NATION'S BUSINESS editor:

Mr. Finke, sitting here in the chair-



Never before so many new trucks with so many better ideas for more roadtime, less downtime.

Ford's new Louisville Line



Never in the history of the truck industry has any manufacturer made such a concentrated effort to reduce truck downtime and increase roadtime.

Bold thinking and ground-breaking innovation were required in many areas. A new plant near Louisville. New production and quality-control procedures. New concepts in design. And better ideas by the score, all aimed at increasing reliability, simplifying maintenance, giving the driver a more efficient environment, and providing a broad scope of models and configurations for more precise job matching.

Here are just a few of the better ideas in Ford's new Louisville Line:

Full tilt fiberglass hood for "feet-onthe-ground" engine servicing. Exclusive on Ford short conventional medium duties.

Deep-dip, Electrocoat Prime Paint Process covers every inch of sheetmetal with corrosionbarrier primer.

Cross-flow radiator design saves fan horsepower, extends belt life.

Underhood two-stage Cyclopac air cleaner traps 99.9% of dirt; cuts service frequency. Neoprene® tape adds extra protection to Hypaton® electrical insulation.

Adjustable steering column maintains 20° angle. Rolls 4½ inches fore and aft on Lexan® balls. Steering wheel maintains a constant angle 20° from horizontal—the optimum. A Ford exclusive.

Faster-tracing, color-coded air tubing. Different colors for each air-line system speeds servicing.

Premium-steel frames now up to 14¼\* deep. Single-channel design offers strength equal to or greater than multiple-channel frames, reduces weight up to 340 pounds.

Tilt-out instrument panel. The right section of the linehaul instrument panel console is hinged for easy servicing of gauges and gauge lights.

Four easy-to-reach electrical junction blocks are readily accessible for circuit testing.

Fast-access fuse panels. On linehaul models the fuse or circuit breaker panel is located behind a padded door to the right of the instrument console for quick visual inspection, fast access.

Air-Pac control serviceable as a unit. Hand-operated air controls are clustered in one removable panel section.

Ford offers the most advanced cab in the industry. Sound, temperature, and vibration insulated. Roomier in all significant dimensions, with a windshield that's 15% larger than the nearest competitor.

Cockpit console instrument panel communicates fast. All hand-operated air controls are shaped for identification by "feet."



E-Z Read gauges. All gauges in right-hand section of linehaul models are calibrated to show "normal" at the "3 o'clock" position.

Ford's new Louisville Line includes over 650 medium and heavy-duty models with a wide choice of components to better match a truck with a job. Long and short conventionals: with capacities from 15,000-lbs. to 64,000-lbs. GVW, up to 60,000-lbs. GCW. Choice of 10 gas and 20 Diesel engines up to 335 hp.

Check into Ford's new Louisville Line rucks. See if you don't agree that they're...



#### FORD HEAVY-DUTY TRUCKS



#### Ask the girl who drives one



#### Lessons of Leadership: Walter Finke continued

man's office of Dictaphone, you can look back on what surely must have been one of the most varied careers of any of our top business leaders of today. I understand it began when you worked your way through the University of Minnesota. What sort of work did you do?

Well, I did many things. I worked in grocery stores and filling stations. Then I got to the rather exalted level of being a stake boy on a surveying crew, carrying water for the horses—that dates me. And then I started to do some studies on local governmental units for some institutions in the East that wanted the information for their programs and for books. I became an accounting assistant for the city and county, working half days. And I had a band at the university, which helped considerably.

What did you play?

I played piano and saxophone.

How did you arrive at that combination?

I originally studied piano and I wanted to get into the marching band. Since you couldn't carry a piano, I had to find some other means. So I took up the sax.

There was also a number of other activities. I helped sell clothes for some of the prominent outfitters of university students, and sold class pictures. As a matter of fact, I don't think I've done as well since.

I understand you had some classmates who, like yourself, have become quite well-known.

Yes, it was a very interesting era at the university. Among people who were there at my time was Dr. Herman Hilleboe, probably one of the most famous men in the field of public health throughout the world. Harold Stassen was a classmate of mine. So was Curtiss Crippen, the president of the Chicago, Milwaukee & St. Paul Railroad. So were some of the very brilliant chemical engineers who were a part of the beginning group at Minnesota Mining & Manufacturing. "Red" Motley, the famous publisher who served a term as president of the U. S. Chamber of Commerce. Dick Scammon, who was director of the Census Bureau under the Democrats.

And, of course, Warren Burger. I have known him for a long period of years and we were friends not only during our days in school but subsequently in the Junior Chamber of Commerce. And there was Eric Sevareid from television.

Bronco Nagurski was playing football for Minnesota at the time. What was your contact with him?

Somebody has been telling you stories. Bronco and I were members of the same senior honorary society, Iron Wedge, obviously for different reasons. He had the not unusual problem of keeping eligible and, on occasion, I used to teach him a thing or two during the summer. A great guy.

What about your own course of studies?

Well, I studied a number of things—liberal arts, government administration, psychology, economics. I won a degree in liberal arts. Then I went to law school at Minnesota.

You later taught at that same school. Did you also practice law?

Oh, yes, I practiced law for about eight years. I came out of school in June, 1930—as I look back, I couldn't have done worse in picking a date to come out of school—and became head of Minneapolis' Legal Aid Society and represented the poor.

I also practiced on other matters probate, real estate, some small work in corporate law in its rather elementary forms. So there was a period when I spent a great deal of time in the courtroom.

As a matter of fact, one of my proud possessions is the license I still have to practice law in Minnesota. In case my sister ever gets into trouble, I can run out there and straighten it out. She still lives there.

What did you do when you left law practice?

I became state director of welfare in Minnesota when Harold Stassen got in, in 1938—and he was a darned good Governor. He put through a total reorganization of all programs concerning people—institutions, welfare and health—and I headed all those for two years before the war broke out.

Along with my state job in 1941, I was president of the U. S. Junior Chamber of Commerce. I finished out that year in both jobs and the Governor loaned me to the federal agencies which were just beginning to form the War Production Board, Small Business Administration, Civilian Defense, and so on.

I went into the Navy in the fall of 1942. I had intended to administer Seabee bases but I found out rather quickly that I didn't have too much say about that in the Navy when they shuffled the cards. So I went into the programs which dealt with casualties, men who were captured by the enemy or were reported missing or lost. This also involved welfare programs, dependents' benefits, quarters allowance and insurance. All of those were under my command and when peace came it took another year to clear up before I got out as a captain.

So by 1946, you had been a lawyer, teacher, state official, federal administrator and Naval officer. What came next?

When I got back to Minneapolis, I had a need to go to work, and quickly. There had been a long interval there in terms of private law practice. In law, one doesn't start today and have income tomorrow. While I loved the law, and still do, I accepted an offer to become executive vice president of the Minneapolis Chamber of Commerce.

The civic agencies of Minneapolis had grown old with the generation of people who had built that area and they needed reorganization, new direction. So I took that job and was in it for about four years.

How did you make the transition to industry?

One of the men who helped me in the whole rebuilding process was Paul Wishart, who was manufacturing vice president of Honeywell and chairman of the executive committee of the Chamber of Commerce. He was really one of the reasons we were able to move through a good many of those difficult situations. He offered me an opportunity to come into industry in 1950. It was attractive to start what really was another career, in the field of business.

Five years later, you were handed the assignment of founding and heading up the Honeywell computer division as group vice president. Is

#### Lessons of Leadership: Walter Finke continued



It true you'd never even seen a computer?

Yes, that's right.

How do you go about making such a tremendous success out of an operation as you did when you aren't familiar with the basic product?

The technology obviously was so vast and new that no one man knew everything about it at that stage of the game. What was clearly needed was the organization and management of a group of scientists and technicians who could conceive and finally construct such a device. It was clear that, in a subsequent period, the usual functions of manufacturing and marketing would come along.

Frankly, we thought they would come along more quickly than they did, as did everyone else who went into the computer industry, and therefore the task was to try to bring together a team of people, create a reasonable loyalty and, above all, leave adequate opportunity for conflicting opinion.

We didn't want a following of any company line but a commingling of ideas out of which might come a clue as to the proper course to follow.

So, for the first five years, it was a question of management, of research and development. This was a very, very interesting time because the world was changing around us every day; there were tremendous competitive forces—IBM, Sperry Rand but obviously there was tremendous opportunity on a grand scale somewhere out in the future.

By 1966, Honeywell computer sales were over \$300 million and things were going smoothly. But instead of relaxing, you took on another challenge. Why did you go to Dictaphone?

At the end of, oh, a little over a 10-year span, the computer operation at Honeywell had finally achieved profitability. As I am sure my friends around here will tell you, I have a fixation about profitability. It is the rationale of business in the world in which we live in the United States. A business, to succeed and do all these things we like to see, must be profitable. Until that stage could be achieved in the computer endeavor, I couldn't satisfy myself that I had really done what I wanted to do.

The second factor was an acquaintanceship with some people here in Dictaphone, where I had been on the board, which led to discussions that offered an opportunity one doesn't frequently see in the world of business. This was a company that had a very fine record but still was looking to the past, somewhat. A sequence of a very few people had led the organization over a span of 40 years. The same people. No dynasties, no relatives, no great concentration of ownership. This was an opportunity to have the authority and take all the responsibility; it was clear there would be no buffers.

The company had been fairly static, running at \$30 million, \$35 million annually for almost 10 years, and was in a field with which I was intrigued—this field of information handling, the office of the future.

The product line, then, was a factor?

Now, I am not saying I might not have taken the job if Dictaphone had been making soup or anything else, but this made it a great deal easier because it was related to the things I had been doing and I thought I saw a tremendous future for a company of this size, provided it turned from looking at the last decade to the next.

Your success story here is becoming a legend in the business world. What has been your basic approach?

For three years, we have been getting this company ready to look forward into the 1970's. And as we look now after a couple of years of hard slugging, the opportunities seem absolutely unlimited—for growth, for progress, for greater contributions to the business environment of the future, for profitability.

What has happened at Dictaphone that makes its future seem unlimited?

First of all it is the people—the management people—who have moved into the company. Nearly 90 per cent of the management echelon is new.

About 80 per cent of the newcomers joined since I came. The others are younger men whom I found here who were willing to move forward under the general philosophies I espoused.

The philosophy I brought was that no company can move into the 1970's as a single-line company, particularly if that single line has been on the business scene for a very substantial period of years.

We were a single-line company and, I think, proud of it, but we were being pushed out of our market by other aggressive companies, IBM for one, simply because we had not responded to new technologies as they evolved in the last half of the 1950's and the first half of the 1960's.

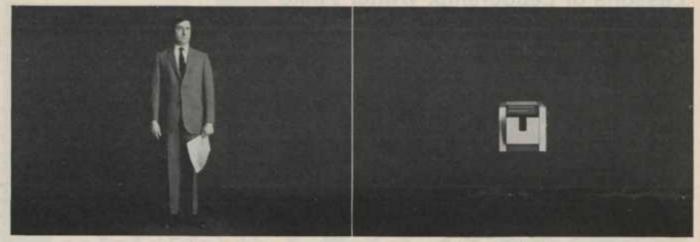
So the first thing was to reinvigorate the basic line and expand it so that it encompassed a number of variations in order to use the basic strengths of the company in a number of products.

The second thing with respect to the basic line was to replace an orientation to equipment with an orientation to systems.

What do you mean by systems when you're talking about office equipment?

I mean placing a number of individual elements together in such a way that they respond to the needs of markets and customers, rather than thinking in terms of a single piece of equipment, selling it to somebody and letting him go his own way.

The systems approach teaches you to start with the customer instead of with your own factory, and you work backwards so that you get the pieces



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Pick any one of our five models. They're all desk-top, plug-in electrostatic dry copiers that don't require any warm-up. And they all turn out clean, dry copies that won't fade or turn brown.

If you only need a dozen or so copies a day, pick the Pitney-Bowes 252. A simple, dependable, sheet-fed copier that stores the paper inside. It's our economy copier, but the copies don't look it.

Bigger jobs call for the Pitney-Bowes 250. It's roll-fed, and automatically cuts each copy to the length of the original. So you don't use any more paper than it takes to make the copy. And it can hold enough paper for about two weeks of average copying.

To copy a stack of originals without handfeeding the machine, pick the Pitney-Bowes 250AF. "AF" stands for "Automatic Feed." Just stack up the originals—it can take more than a hundred of them—and push the button. The self-feeder takes over, so you can take off.

Multiple copies call for the Pitney-Bowes 250MC. Dial the number of copies you want, up to ten of them, and the copier turns them out automatically.

Heavy-duty copying jobs need the capacity of the Pitney-Bowes 254—the desk-top copier that does the work of a console. It can handle originals 11" wide, make 15 multiple copies, and turn them out at the rate of 20 copies a minute.

And all of these copiers are backed by a service organization you'd swear had a man on the way before you called.

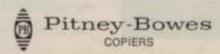
We could tell you a lot of nice things about our copiers, but it's much more convincing to have you find them out for yourself.

After you've had a few days to become acquainted with our copier, we'll be back. With a handtruck or a bill.

If you decide to keep the copier, you'll have to assume its support (you can buy it or lease it, whichever you prefer).

If you want to end the affair, we'll take it back. (We won't feel badly. Only surprised.)

For more information, write Pitney Bowes, Inc., 1392 Crosby Street, Stamford, Conn. 06904 or cell one of our 190 offices throughout the U.S. and Canada Postage Meters, Addresser-Printers, Folders, Inserters, Counters & Unbrinters, Scales, Mail@peners, Colletos, Copiers, Fluidic Controls.



#### Lessons of Leadership: Walter Finke continued

and the elements which will perform a valued service to a customer or to a user. This involved a change in philosophy. And with that, we began spending more time on such things as Telecord combinations, which are combinations of machines, and the remote memory store concept, which is the use of a big tank containing a recording device for people with different kinds of systems needs.

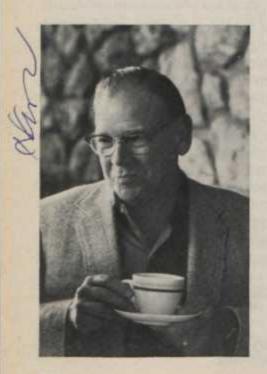
It also involved the movement toward services; I feel services are part of the systems that will characterize the business environment of the future.

So we now have a business machines group, an office services group, and an advanced recording group which has an impact on some of the techniques for recording devices used in space, under the sea and in the air. All are part of our forte, which is recording, and all will relate as they evolve into better business systems. We are really in the information appliance business.

If I were going to open an office, then, I could come to Dictaphone and get just about everything I needed, right down to personnel and paper?

Yes, you could. In England, we might even rent you the office. We are interested in that part of the services opportunities, also.

Dictaphone now has 6,000 employ-



ees but this new building, while impressive, seems small for a corporate headquarters of an operation that size. Where are your executives?

My theory of a business is that the top and center core be as small as possible and that the maximum possible authority be given to the people running the individual ventures making up the enterprise. I believe in pushing down responsibility and authority so that we get more good younger people into the organization and they have an opportunity to advance and, hopefully, share the rewards.

We operate on the basis of delegating responsibility to people we think can perform. We measure them by the establishment of goals and objectives which they understand and we understand, not because they will make all of them but because they are a point of reference, so that we can make change as change is needed. Patience and tolerance are called for. A man may do things in a slightly different way, and it may be that his way is better. And we want to increase his reliance on his own capabilities.

Obviously, we must have a uniform system of financial reporting because it is the obligation of the central leadership to build a plan to finance all of the opportunities that appear to open up for the various divisions.

What is your quarterly "measurement process?"

We review three things, essentially. First is financial progress against planning. The second is the progress of men and women who have potential talents. And third, the need for facilities and capital investment.

These are the measures by which we try to make choices in the company which sometimes affect people.

And this often involves asking people to make decisions about their own futures. What is the one decision in your life that you would call the most significant?

I think it was when I decided to go into industry. That would be in 1950. It was a decision at that stage to say, "All right. I am going to start down a new avenue and learn the manufacturing business."

You've held many government jobs

and now you're serving as chairman of the New York State Health Advisory Council. What is your thinking, as a businessman, on government as such?

I think that no business today can operate out of context with the government. It has impacts in every direction. So I think we must do some things, like serving on Gov. Rockefeller's health council, that we hope, help in a way. More than that, they kind of open the windows so that someone in business can see the things that are happening in a lot of the areas of our economy other than business or industry, to better understand motivations, possible legislation and, most important of all, the constituency of the marketplace and its attitudes and desires.

You have said the fundamental business imperative is the profit imperative and when you lose the profit incentive, you substitute fear. Would you amplify on that?

Well, I really think there are only two systems in the world for organizing people to live. One system achieves its results by fear, by saying, "You do it or else you go to jail or get shot." That kind of philosophy eventually comes to the point where it can accomplish its desires only by constantly increasing use of force. I believe in a form of government that is the opposite of that you proceed by a system of rewards. You care for those who can't care for themselves but otherwise you compensate merit and performance. A company that has a system of rewards does have a driving quality about it that the people sometimes criticize. It does emphasize effort, and by and large it rewards achievement. Sometimes it gets a little out of gear, but the extremes don't interest me; the essence of the system does. I am absolutely convinced it provides the best result for all of the people concerned.

You spend a tremendous amount of time on company business both here and in extensive travel among Dictaphone's many divisions, and you speak to various groups. What do you do for relaxation?

Well, I don't do much any more. I used to like to fish but I don't seem to have time for that. I don't have

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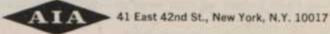
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#### Walter Finke continued

much time for golf. I do like to work outside in the yard and grow roses. It's fun when they all come up well. I play bridge and see a lot of my good friends with whom I work. There's the theater, once in a while. And I read tremendously, of course. This is an essential part, I think, of modern business. There is so much to read and most of it has some valuable ideas. And I suspect I read all of the best current fiction. And a few good mysteries when I am traveling on airplanes.

Are you worried, as so many others are, about the behavior of young people today and their future?

No, I don't have any deep concern, though I don't like it.

My observation has been that they either become so weak they drop out of contention, or they come to a point where the usual influences take over. They get married, and it becomes important that the kids have regular food and go to good schools. We have a habit in this country of finding equilibrium as we arrive at that point.

I feel that this new generation will bring forth new people who will carry us forward as a country.

But I worry that a lot of youngsters may be wasted needlessly, that they will become physically unable to go on and compete because of their addiction or whatever it might be. I hate to see a lot of people dropped by the wayside.

#### How can businessmen help?

I don't think business has done a good enough job in giving these youngsters an idea of what the tremendous opportunities are for excitement, adventure and progress. A year ago I talked to a group of young people from 17 to 21. Plenty of them were wearing beads and all that kind of thing. But I found when we talked about this side of this country's life, the business side, the industrial side, they listened.

REPRINTS of "Lessons of Leader-ship: Part LVIII—Walter Finke of Dictaphone Corp." may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



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Not if time is money. Quickest way: new Hughes 500, world's fastest light-turbine helicopter. Flies five men all the way at 150 mph. Outhauls a pickup (1450 lbs.). Lands in 35-ft. circle. Yet this top performer costs less than any other light turbine. Actually pays for itself by getting high-priced manpower and high-priority cargo there sooner. For more facts, write: Mr. Richard C. Kirkland, National Sales Manager, Hughes Helicopters, Box 60209-A, Los Angeles, California 90060.

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#### Helping Them Get a "Piece of the Action"

By Rocco C. Siciliano Under Secretary of Commerce How a program to increase minority-member ownership of business works, and how you can give it a boost



At the Del Manufacturing Co. in Monterey Park, Calif.,
Gilbert Garcia, production superintendent, looks over
the final assembly line for the manufacture of a
three-hole punch. Both executives and employees
at the company are Mexican-Americans.

In Racine, Wisc., a major corporation forms an investment company to supply venture capital for minority businessmen.

In San Antonio, Texas, a certified public accountant reviews the fine points of accounting with a small group of beginning businessmen who are Mexican-Americans.

In Detroit, an automobile manufacturer concludes an agreement with a Negro for a new dealership in Los Angeles.

In New York City, a Wall Street corporation lawyer counsels a Puerto Rican businessman on tax law. In Bartlesville, Okla., a major oil company finalizes plans to provide training and financing for a new group of service station operators who are Indians.

In the nation's capital, a government procurement contract is signed with a minority member who is a manufacturer of paper punches.

And not far away, at 1600 Pennsylvania Avenue, the President of the United States reviews a progress report on the program of which all these activities—and bundreds more like them—are parts. That program, which he initiated and to which he

has given his unqualified backing, marches forward under the "Minority Business Enterprise" banner—and to it are being committed the resources, talents, energies and determination that are the ingredients of success.

President Nixon has delegated responsibility for the program to Secretary of Commerce Maurice H. Stans, and has created the Office of Minority Business Enterprise in our Department to carry it out. Our mission, as the President put it, is to help assure that minority members have an equal opportunity to get "a piece of the action" as owners of their own businesses. The reason behind the President's commitment is very simple. It is right that we do this.

#### An even break

Our American enterprise system is based on fair play, equal treatment. But it is not fair for minority members to be at a disadvantage when it comes to owning their own businesses. Many have the inherent ability, brains, energy and desire to participate in the business system. But they don't have an equal opportunity. They don't have the training, and often they can't get the necessary financing.

We are determined to change this, But obviously the job is not government's alone. Government can only help, can only provide leadership. The main job of turning this commitment into reality can only be accomplished by the American business community as a whole.

And I can report that the business community is responding to this challenge with a determination such as we have rarely witnessed on the national scene.

Businessmen know—and they have told us so time and again—that this is one job in this great era of social progress that is peculiarly their own. It is not the responsibility of social workers, scientists, engineers, academicians or anybody else. It is the responsibility of businessmen and the government agency which represents businessmen. Working together, we cannot fail in it.

At Commerce, we are being aided by the 63-member Presidential Advisory Council for Minority Business Enterprise, which includes many distinguished Americans. They are providing invaluable guidance in the entire range of activities under this program, and are directly concerned with marshaling the forces of private business. We are building this program on four principal foundation stones. They involve finding the qualified man, establishing the viable opportunity, providing the money and arranging for the necessary managerial assistance. Each ingredient is vital.

First, the man—the right man. He is the essential element, the true crux of the program. We are searching for men—and women—who have the built-in confidence, the natural managerial ability, the skill at organization, and maybe a knack for promotion and handling personnel.

Many of these people already are running small businesses of some kind —a store, or perhaps a firm that provides a service.

Many of these have the potential for expansion. With the right opportunity, some additional training, a little more capital, they can grow. They can become leaders in their communities and an inspiration to other members of their race who are seeking opportunity in our society.

#### Opening the doors

Next, opportunity.

The doors of opportunity have too long been closed to minority members. We all know this. And our whole free enterprise system has been the loser. Fifteen per cent of our population—the minority groups—own, it is estimated, less than one half per cent of the assets of our businesses.

Many of these people are among the most vigorous competitors on earth. Just ask anyone who has competed against them in sports. Our free enterprise system is based on competition—but it has been denied much of the stimulus that minorities could have contributed.

Today, the doors have been unlocked and are swinging wide open.

For example, the four major automobile manufacturers have collectively committed themselves to increase their minority-owned dealerships by a total of 100 during the next two years.

Eighteen of the nation's major petroleum companies have pledged to increase substantially the number of minority-owned service stations over the next five years. They will exert every effort to bring the percentage of minority owners up to that of minority representation in the population.

This represents a total goal of over 28,000 service stations.

We are asking 200 of the top franchisors in the country greatly to increase the number of franchises for minority members over the next two years. Franchisors are being invited to Washington in groups of 25 to receive a full briefing on the program.

To date, many have agreed to participate and more than 750 specific franchise opportunities have been earmarked for qualified minority individuals.

In government, we have secured a commitment from the General Services Administration to let \$10 million worth of contracts with minority producers for supplies in the current fiscal year. The Post Office and the Defense Department also are setting aside contracts for minority contractors, all of which are being administered by the Small Business Administration under its statute. GSA Administrator Robert L. Kunzig says more will be available later.

#### Enter the "MESBIC"

Third, and often mistakenly placed first, is money.

We are going a long way to meet this problem by a highly unique and creative program that we think holds enormous promise.

Private capital and public financing is being pooled in a joint undertaking called "MESBIC" — Minority

#### Helping Them Get a "Piece of the Action" continued

Enterprise Small Business Investment Co.

MESBICs will mainly finance small, minority-owned businesses through either equity investments or long-term capital loans.

In essence, the plan works this way: Any large corporation can form a subsidiary MESBIC with a minimum of \$150,000 of its own money. This will be matched by federal funds on a two-for-one basis. The Small Business Administration may purchase debentures of a MESBIC in an

amount double the private capital, or guarantee such debentures purchased by institutional investors.

This will provide initial capitalization of \$450,000, and since SBA debentures can be subordinated, the primary funding would provide considerable leverage for additional private borrowing. We estimate this arrangement can produce total capital up to \$2,250,000.

Last, but by no means least, there is managerial and technical assistance.

In a large number of documented

minority firm failures, a principal cause has been lack of management or technical expertise.

We are, therefore, stressing that assistance in these fields be tied to all capital commitments and business opportunities made available to minority members.

Many business groups, including chambers of commerce, are offering minority members special guidance in a variety of ways. The American Bar Association is encouraging lawyers and their firms to provide legal services

#### A MAJOR BREAK FOR A MINORITY MEMBER

Jim Turner could be one in a million.

He's the black owner of a fashionable men's wear store in exclusive Mayfield Mall, a Mountain View, Calif., shopping center which caters to wealthy, white suburbs of San Francisco.

Only last year, he was a \$100-aweek clothing salesman. Now he's his own boss and able to fulfill a personal conviction that in "this great country of ours there should be more minority businessmen to show others of the same color or ethnic origin that they can make it, too."

Mr. Turner was encouraged by white businessmen to strike out on his own. And he was financed by a \$50,000 loan from Arcata Investment Co., of Menlo Park, Calif.

Arcata was impressed by his ideas about what kind of business to run and how to run it. "There wasn't a high-fashion men's wear store south of San Francisco," says Kenneth Washington, Arcata's co-manager.

Arcata Investment, a subsidiary of Arcata National Corp., is the nation's first MESBIC—Minority Enterprise Small Business Investment Co. Robert O. Dehlendorf II, president of Arcata National, spoke before an overflow crowd at a conference on minority business enterprise at the Chamber of Commerce of the United States of America.

"Since August, 1968," Mr. Dehlendorf told the audience of more than 600, "we have made loans financing 33 new businesses that employ 213 people and whose payrolls should reach 303 within a year. . . .

"We have had one failure, at a loss of \$30,000. It was the result of our inexperience in a field that was new to us. We don't expect to make the same mistake again."

One reason Arcata got into the field, Mr. Dehlendorf told the audience, including representatives from most of America's biggest corporations, was this:

"In addition to fulfilling its traditional responsibilities to shareholders, customers and employees, management feels that it has a responsibility to assist in resolving major national social and economic problems whenever its capabilities appear to uniquely equip it to make a significant and lasting contribution." Chairman James M. Roche of General Motors noted:

"To be your own boss—to own your own business—is a basic part of the American dream. The opportunity to realize this dream belongs to every American."

Arch N. Booth, executive vice president of the National Chamber, enlarged on that.

"Helping to increase opportunities for minorities to participate in the economy can involve more than helping to create new minority businesses," he said.

"It can also mean opening up management opportunities to minorities; giving existing minority-owned firms the same opportunities to compete with others for doing business with corporations; providing some management counseling to minority businessmen who have not had the same opportunity to obtain business experience as some of us have had; making sure that credit terms extended to minority-owned business firms are the same that would be extended to other comparable firms, and so on.

"There are many options open."

#### If you just got awarded the job of finding a new plant site, you don't need our congratulations.



#### You need our help!

Being selected official "Site Seeker" for your company is a nice honor. But it can also be a big fat headache.



YOUR HEADS TO SHAR

Available sites, transportation, water, resources, taxes, labor supply and skills, economic and community factors—these are just a few of the many questions you'll have to consider. To help you in this very important undertaking is the function of our Industrial Development division, a task force of business-engineering experts armed

with firsthand knowledge of over 500 communities in a 3-state area centering on St. Louis.

Our unique Mid-America Planning Room (MAP Room) is packed with more answers than you'll have questions. It is available for your office use when investigating this vigorous Mid-American region.

So, before you decide to stick a spade into the ground, let us start digging for you. Make our MAP Room your site-seeking headquarters. If you want more information before you arrive, send for our free brochure "St. Louis... Gateway to Growth." Just write A. G. Baebler, Area Development Department, Union Electric, St. Louis, Mo. 63166. Or call 314-621-3222.

UNION

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## New investment credit makes a move to West Virginia even more profitable.



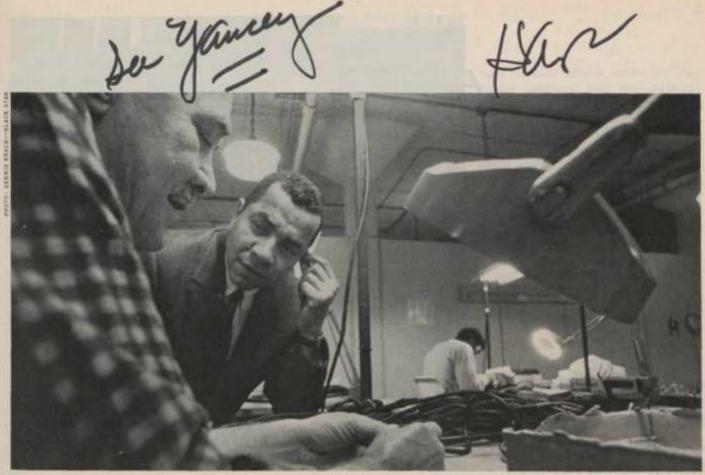
"West Virginia's recently enacted tax investment credit law is avidence of the new industrial climate in our state," says Governor Arch Moore. "The investment credit has already been a determining factor in bringing soveral major industrial facilities to our state. In receiving the tax investment credit over 10 years, new members of our industrial community can plan ahead with the assurance of total tax stability."

Arch A. Moore, Governor

If you are concerned about the tax climate at your existing plant locations, it will pay you to consider the tax investment credit now available to new and expanding plants in West Virginia. This recently enacted legislation provides investment credits of up to 50% each year for 10 years... tax savings now make a move to West Virginia even more profitable. West Virginia, where industrial investment is on the move. For full facts, phone 304/348-2234. New York City Enterprise 6022. Washington, D. C. Enterprise 1-2234.

Contact: Lysander L. Dudley, Sr., Commissioner, West Virginia Department of Commerce Room E-402, State Capitol, Charleston, West Virginia 25305.

Go all out for profits in WEST VIRGINIA



Donald Yancey, president of Fairmicco, Inc., Washington, D.C., watches one of his workers assemble electric typewriter cords.

that otherwise would be unavailable.

The American Institute of Certified Public Accountants is providing professional accounting advice.

The American Society for Personnel Administration is providing assistance in hiring and compensation, and in personnel planning, development and training.

The International Council of Shopping Centers, Inc., will furnish direct technical assistance in planning and development of shopping centers, including site location, design and layout, financing, tenant selection and leasing.

The Investment Bankers Association of America has offered technical assistance and business advice.

And other trade associations are indicating their willingness to provide assistance in their specialties.

We already have announced the creation of 18 MESBICs by corporations and other institutions, and 12 more are committed but not yet announced. The sponsors included such firms as Fluor Corp. of Los Angeles; S. C. Johnson & Son of Racine, Wisc.; Phillips Petroleum Co. of Bartlesville, Okla., and the Prudential Insurance Co. of America, Newark, N. J.

The goal is 100 MESBICs by next June, which could mean \$225 million in new capital for minority businesses. Ultimately, we hope to make \$1 billion available for the purpose.

#### Localizing the problem

These are only the broad outlines of the national program for minority business enterprise. Other facets are being developed almost daily.

But setting up the program is only the beginning. To succeed, it must be carried out with energy and determination by dedicated men.

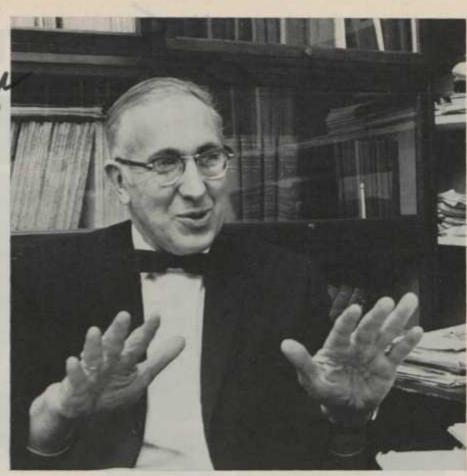
The real key to effective action is in the community. Local groups, existing or new, are essential to bring together the man, the opportunity, the money and the assistance in a single viable package that means success. Local efforts should be directed toward identifying needs and markets and locating prospective entrepreneurs. Because of the variety of economic and social conditions, the components will necessarily differ from city to city.

At the moment, our greatest need is for more groups to become active at the local level. There is no dearth of assistance that we can provide from Washington. But we need more corporations, or even business associations, to form MESBICs; we need more groups or individuals to provide managerial and technical assistance; we need to find more minority members who are good prospects to benefit from this program, and we need increased opportunities for these people.

I am confident that the American business community contains thousands of men who are not yet fully aware of this program—businessmen who want to respond to these needs and to meet these challenges, who want to be part of a great movement that is setting right a wrong in our society. We are anxious to put such men in touch with people who will enlist them in one of the most rewarding adventures of their lives—a starring role in building minority business enterprise.

# Runaway Expansion of Social Security?

A long-time top
official in the Social
Security Administration
warns that a big push
is coming for raising
payments to a point
where drawbacks far
outweigh the benefits



Robert J. Myers wants both sides to be heard.

Congress is taking another look at the Social Security program, along with the Administration's welfare proposals.

Robert J. Myers, a career civil servant in that program for more than 35 years and the Social Security Administration's long-time chief actuary, is a vigorous supporter of the program's role in economic security.

But, in this interview with Nation's Business, he warns that mounting pressures for a huge enlargement of the program could radically transform the whole concept of the system, producing a federal near-monopoly in the pension field. He is concerned that the possible consequences of any such change be fully understood—in terms of cost, greater dependency of the individual on the federal government and undue government expansion.

Dr. Myers also warns there's another side of the bigger benefits coin: higher taxes.

You have expressed concern over the future direction of the Social Security program. What is the basis of your concern?

Too many people believe there is only one possible course for Social Security, namely, to expand the benefits until they take care of the entire economic security needs of the vast majority of the population. I do not believe other possible routes for the development of the program have been adequately put forth to the American people. I am expressing my views now so as to bring the discussion on both sides out into the open, so there can be orderly consideration of the matter.

Would you describe what's involved as a runaway expansion of Social Security?

To date, I would say there has not been any runaway expansion, but I believe that in the next few years those who advocate great expansion of the program—even runaway expansion—will be pressing their views more and more strongly, particularly if additional federal funds become available through the cessation of the war in Viet Nam.

# How would you describe the ultimate goals of those who would expand the program?

They want a cash benefit level sufficient to replace virtually the entire take-home earnings of 90 to 95 per cent of the workers in the event the person retires because of old age or becomes disabled, or, in the event he dies, for his family.

The expansionists also would like to see all medical services paid for or furnished directly by the government, which you might say is socialized medicine, or else they would want a system of nationalized health insurance very much as is the case in Britain.

#### What would the government's role be then in the area of economic security?

It would be to take over the entire field. There would be virtually no role for the private sector, other than for the few very-highest-income people, and there would be no need for any forms of private insurance, private pension plans or private savings.

## Through what steps would the expansionists' goals be achieved?

From a legislative standpoint, through the ratchet approach. Every step would be irreversible, and they would keep moving further and further.

Specifically, the real first step is to increase the maximum taxable earnings base under Social Security from the present level of \$7,800 per year up to something like \$15,000, \$18,000 or even \$20,000 in the near future, so as to cover the total earnings of practically all persons under Social Security. Then they would push toward raising the benefit level so that a person's benefits would be 60 to 80 per cent of his gross pay, and thus about equal to his take-home pay.

The painful question of financing

would be largely hidden, so that people—particularly the younger and middle-aged workers, who might want to spend their money some other way—would not realize how costly it was. Specifically, the expansionists would finance a large portion of these changes through government subsidy, from general revenues.

It has also been suggested by one prominent expansionist, Wilbur J. Cohen, the last Secretary of Health, Education and Welfare in the Johnson Administration, that employers should pay twice the rate that the employee pays, instead of on the equal matching basis that has been in effect since the program started.

### Would federal subsidizing from general revenues be started all in one stroke?

No. The expansionists would follow the approach of gradualism because their real intent is to have a government subsidy of at least 50 per cent of the total taxes that the employers and employees pay.

If this were done all at one time, it would mean an additional \$15 to \$20 billion a year, currently, which would be quite difficult to achieve. Instead, many expansionists propose to take a little bite at a time.

The first year they would have a government subsidy of 5 per cent of total taxes and the next year 10 per cent, building up eventually to 50 per cent or more. That way they think it would be painless.

#### Would the biggest single step be establishment of the principle of general revenue contribution?

Yes, I think that is very well put. You first establish a principle that does not seem to have much cost and then you say: "Well, now that the principle has been established, let's really build on it."

#### Is there any likelihood that this would endanger the economic system?

I am more concerned that the issue is not clearly put forth before the American public, that people understand that expansion of the Social Security system does not mean just more benefits but also, on the other side of the coin, more taxes. I think it also can produce

very serious effects upon our national economy and our national psychology.

#### What would these effects be?

In the long run, people would feel more and more dependent on the government and less and less really free and individually responsible.

There also are some very serious side effects. If all private forms of savings and insurance were diminished, this would have a great effect on the general investment market. The private pension plans have over \$100 billion in assets; insurance companies have large amounts of assets, too.

If industry needed money to expand and there were not this source of financing, there would be only one source, the government; and when the government grants loans, the element of control naturally enters.

# More concretely, what would a sharp increase in the tax base mean to individual companies, say in terms of costs?

The tax burden would fall quite differently on different types of businesses. Obviously, it would not increase very much for a business that employed workers in the intermediate range of \$6,000 or \$7,000 per year and had only a few highpaid people; but in another type of industry, where the workers all were skilled and getting \$10,000 to \$14,000 a year, then it would increase very much. On the average, to go up to \$15,000 as the taxable base would increase the tax burden of the workers and the employers by about 10 per cent.

Of course, the expansionists would solve this problem of unequal treatment of different employers very simply. They say tax the employer on his entire payroll; just put a maximum ceiling on the employee's tax.

Secretary Cohen left a pile of documents just as he was going out of office in which he said, among many other expansions, he would eliminate the maximum tax base on the employer so he'd pay on the full salary of each employee; second, he would double the employer tax rate relative

### Runaway Expansion of Social Security? continued

to the employee rate, and third, he would introduce government subsidies.

The subsidy would have to be financed somehow, and undoubtedly much of it would come from taxes on employers, although in the end these come down to the individual citizens. Employers cannot manufacture tax money out of thin air; they have to get it from sales of products.

What is this likely to mean in terms of rigidity of the federal budget? Every time they try to reduce spending, we hear about the high level of "uncontrollable" expenses.

This, of course, would be a very significant move much further in this direction, because certainly Social Security benefits are a cost that nobody in the Executive branch can put any control on.

### What are the objections to private pension plans?

The expansionists believe that the government should take care of people and there should not be any inequities, which really means everybody should get the same. They say that some people get private pensions and others do not and that this is unfair, and they imply that, therefore, government should be the great equalizer.

# Weren't there similar complaints about health insurance?

Yes, in the mid-Forties, when there was a big push for a national health insurance program administered by the government, the expansionists of those days were saying that private health insurance could never really take care of a very large proportion of the population. Yet we all know now that well over 80 per cent of the persons under age 65 are covered under some sort of private hospital insurance, and in almost all cases by quite an adequate plan.

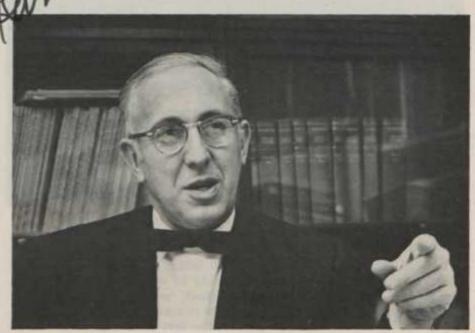
In the same way, many people have been saying private pension plans just can't do the job. Actually, these plans are now doing a good job, and as the years go by they will probably do much more successfully the job they are intended to do. So it is entirely a matter of philosophy, and I think the expansionists will be proved factually wrong again as

more people qualify for private pension plans and as those plans are improved and extended.

#### In your view, what is the proper longrange role of Social Security?

I want to make it very clear that I do not believe the program should stand absolutely still. It must recognize changing economic conditions, changing price levels and so forth. If new problems come up, Social Security must be flexible. But my point is that social Security should provide average monthly benefit and takehome pay?

The average benefit for a retired worker is about \$115 per month, which may seem very low compared to the average wage of workers currently. However, this average is pulled down by quite a number of factors, such as that many people have qualified for relatively low benefits because of having been only part-time in the labor force, and that persons who retired before 65 have actuarially-reduced benefits.



a basic floor of economic protection, as it has, and there should be plenty of room for people to build on, either individually or collectively, to provide additional economic security.

# "Floor of protection." What does that mean?

That means that if the vast majority of people can get along economically with what they have saved, with their home ownership, with private pensions and with Social Security benefits as the base on which all the rest has been built, then the system is performing adequately. Similarly, this means that if only a small proportion—say, 10 per cent—need supplementary public assistance, then the Social Security benefit level is adequate. And this is what the situation actually is now!

What currently is the ratio between the

I think the best comparison is to take a worker who is currently retiring at age 65 and who has been a more or less full-time worker. His benefit will be somewhere around one third of his average wage, and if he has a wife he would get up to about one half.

## How about the proper principle of financing?

The principle that has been followed in the past, namely, that the system should be financed completely from the taxes of the employers and employees, is very desirable because it makes the cost quite apparent to everybody concerned. If government subsidy is introduced, then the system appears much less costly, with money—in a sense—coming out of the sky. It really is essential that the people know what government is costing them, what

they can expect from government, and what are their responsibilities as well as their rights.

### Once you drop this financing principle, what happens?

I am afraid that the system would deteriorate in many ways. Beneficiaries would always want more benefits, and workers would not realize what they were paying. I think the expansionists see this, and they realize that at the moment many young and middle-aged workers are rebelling against increased tax rates. So the only way to reach their goal is to inject hidden money into the system.

# Aside from Wilbur Cohen—and he's out of office—where is this big expansionist push coming from ?

Well, outside of government, the pressure comes from the labor movement, such as the AFL-CIO and the United Auto Workers. It also comes from many of the social welfare groups and from certain lobbying organizations set up for senior citizen groups.

Another place where there are expansionists is in the government itself. There are, I think, many among Social Security Administration officials and staff members, and in some ways this is quite natural. Whatever activity you are engaged in, you always want it to be bigger and better. Then, too, the top staff was largely employed during the early days of the program and has grown up with it and tends to have this expansionist philosophy.

The political appointees who formulate Social Security policy by directing research and program evaluation have been retained by the present Administration.

I do not think that most such Social Security Administration employees take the balanced view that they are also working for the contributors. Of course, I believe in Social Security myself, but I believe it has a single role and not an allencompassing one.

In my opinion, the vast majority of the people over 65 are quite satisfied with their Social Security benefits. Like the rest of us, they would like more money, but I believe they feel that Social Security has been quite a good deal. Of course, the ones you always hear about are the ones who say: "We want more so as to have all the luxuries of life," without realizing that this is not the purpose of the program.

## Your perspective is slightly different, isn't it, in that you are an actuary?

Well, that's true. An actuary has to look at both sides of the situation. Some people will just look at the benefits side and say this is a good, noble cause—which it is—and say: "If it is good, let us have more of it," without realizing it has to be paid for.

I would not want to say that everybody in the Social Security Administration feels this way, or that those who do are the only ones in the federal government; but I think many of them always have had this personal philosophy. I do not say it is evil; I just say it is wrong. And this tends to be self-perpetuating, through the selection for promotion or hiring at the highest grades of people of like philosophy.

An inter-agency group was formed during the Johnson Administration to consider private pension plans, and most people on it were, I think, really opposed to private pension plans or, at best, lukewarm about them, because they had the philosophy of the government providing full economic security for the vast majority of people. So it was a case of the fox guarding the henhouse.

#### How about Capitol Hill?

Over the years, Congress has, on the whole, been very responsible, largely due to the committees involved, namely House Ways and Means and Senate Finance. Both are tax-writing committees, so they are quite cognizant of the who-pays aspect as well as the who-gets aspect.

Of course, some people in Congress believe very strongly that the program ought to be greatly expanded and, without explaining quite why, that the government ought to provide all people with full economic protection.

# Isn't a lot of this embodied in a bill pending before Ways and Means?

There are a number of such bills, but I suppose you are referring to the one introduced by Congressman Gilbert of New York, who, when he introduced it, announced he was doing so with the support of the AFL-CIO and the National Council of Senior Citizens, which is an organization of persons over 65 that has been sponsored by the AFL-CIO.

This bill would be a very big step in the direction of expansionism because, among other things, it would increase the earnings base to \$15,000, introduce a gradual government subsidy and increase benefits about 50 per cent. But it would leave out some proposals I mentioned, such as eliminating the maximum earnings base for the employers so they'd pay on their entire payroll, and it would not double the employer tax rate.

When Congress passed the 15 per cent benefit increase, as against the President's recommended 10 per cent, did that strike you as a sign of things to come?

I would not say so, necessarily. It was a bit more than the President recommended, and expansionists are trying for more in this session of Congress. But the real push is coming in the next few years. When the war ends, there will apparently be excess money available unless taxes are reduced. The expansionists will say: "Keep up the tax level and give us some of the money for a government subsidy to the Social Security program."

## How would you summarize the Nixon Administration's position?

In my opinion, its proposals are definitely of the moderate school. Its views are, "Let's take this out of politics. Let's make the benefits automatically adjusted, according to changes in the cost of living, according to economic conditions, so that we do not get into a bargaining position every time legislation is considered."

You recall, when the President signed the bill with the 15 per cent increase, he pointed out that it would have been much better to have what he had originally proposed, a 10 per cent benefit increase now plus a guarantee to keep benefits up to date with the cost of living by future automatic adjustments. END

DYNAMIC GROWTH COMPANIES: 2

When Jeno F. Paulucci glances up from his large, curving desk in Duluth, Minn., he sees a big-as-life painting of a fruit stand.

"It's just like the one I started out at," says the chairman of J.F.P. Enterprises. "I keep it here because it sort of keeps my feet on the ground."

J.F.P. Enterprises, meanwhile, has taken off and is soaring. It is the parent company of a rapidly expanding corporate family that includes Jeno's, Inc., maker of hot snacks and convenience foods, and First Sierra Corp., which runs one of the country's most successful mutual funds.

Mr. Paulucci, absorbed now mostly in marketing his frozen Italian-style foods, burst on the business world as the founder of Chun King Corp., producer of Chinese dishes. In 1966 he sold Chun King to R. J. Reynolds Tobacco Co. for \$63 million cash, then served as the first board chairman for R. J. Reynolds Foods, Inc.

A holder of the national Horatio Alger Award, Mr. Paulucci is a prime real-life example of the rags-to-riches story.

He was born in 1918 in northeastern Minnesota iron mining country, where his Italian parents had immigrated six years earlier.

As a boy he pulled a home-made wagon along railroad tracks, gathering stray coals to fuel the family stove. He unloaded boxcars for \$1 a car and sold ore samples to tourists who came to see the mine pits. He also sold wine his family made in the basement.

"Once, I stood in a long, slow-moving relief line to get a handout," Mr. Paulucci recalls. "I couldn't stomach it so I just stepped out of the line and never returned. Today I'm still adamantly against any type of dole or relief except for the helpless indigent. The able-bodied man or even boy can always find a way to earn a living.

"Who can deny that the federal government has become too powerful and too paternalistic? These days a person can live well without working one day in his life. All he needs is a



J.F.P. executives land on Lake Kabetogama in northernmost Minnesota for a conference. Below. Mr. Paulucci takes Associate Editor Walter Wingo of Nation's Business snowmobiling in 30-below-zero weather.



CONTINUED

# J.F.P. Enterprises: An "overnight success" story has a glowing sequel





A Jeno's Food Service Division executive drives home a point at a four-day top policy meeting in a lodge Mr. Paulucci owns. Mr. Paulucci feels his executives don't communicate enough on vital issues back at the firm's Duluth headquarters. Midway in the conference, the board chairman, left, announces: "We're really getting to the heart of our coming here now. If you guys need to, call home for more laundry, because you're not going to leave until we get this damned thing settled." And so on into the night . . .

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Jeno's, Inc., executives cut into samplings of their own and Italian-made pizzas. "Don't make it like everybody else's," says Mr. Paulucci, taste-testing at right.

lazy disposition and a conniving mind. This is wrong as sin, and if allowed to continue could destroy the America we know."

At 14 he got a job at a market, working before school, after school and from 5 a.m. to midnight Saturdays. Two years later he became the youngest and loudest barker on Duluth's produce row. He hawked so vigorously from a wooden platform next to a fruit stand that the city passed an ordinance against fruit-stand barking.

After a period of selling foods around the country, Mr. Paulucci decided to go into business for himself by getting some Japanese-Americans to help him produce bean sprouts for Oriental specialty foods.

"I don't suppose I'll ever forget the look on the banker's face when I told him I wanted to borrow \$2,500 to grow sprouts from mung beans," Mr. Paulucci says.

He spiced up his Chinese mixtures

with Italian seasonings recommended by his mother and then set prices higher than his competitors'.

His Chun King Corp. hit national popularity in the early 1960's with its series of TV commercials. One announced, "Nine out of 10 doctors eat Chinese food," and then the camera panned in on 10 men in surgical gowns. Nine were Chinese.

Friends, the press and "all the bankers in northern Minnesota" regarded Mr. Paulucci as an overnight success.

"This overnight success," Mr. Paulucci comments, "had been getting up at 4 or 4:30 every morning for 15 years and fighting competitors, financiers, government agencies, some railroads and airlines, a union or two, and the TV networks, among others."

Mr. Paulucci has found time for many philanthropic and community endeavors, with, as he puts it, "more than a touch of self-interest."

He explains: "When I helped peo-

ple who'd been in deep trouble by giving them jobs, I helped myself by building up a hard core of very dedicated employees. Anybody who meets a payroll knows that people who really want to work for you are just about the scarcest thing in industry."

Mr. Paulucci says persons who undertake community improvement projects "purely for do-gooder reasons" usually run out of funds, staff and backing.

"The other day I figured out that I've given away \$5 million or a little more," he notes. "Because I gave to organizations and causes and people in whom I was passionately interested, I got at least \$100 million worth of satisfaction. And since I'm still worth about 100 million in dollars I obviously haven't given away the roof of the house."

Mr. Paulucci, who is married and has a son and two daughters, adds emphatically: "I'm proud to be a businessman." Jour Han



Mr. Paulucci finds that his lodge conferences help him study his top men in action. Some Paulucci remarks on management:



"I've seen the professional management of the big corporations, and I prefer our seat-of-the-pants approach."



"When a company gets more than 25 managers, its efficiency goes down 1 per cent with each new manager hired."



"Psychological tests are a waste of time. Executives always look for some formula to take the burden of decision off them."



Mr. Paulucci huddles with top aide Lee A. Vann, former head of the Chisholm, Minn., Chamber of Commerce.



"One of our biggest problems is that our products move too fast," Mr. Paulucci gloats.

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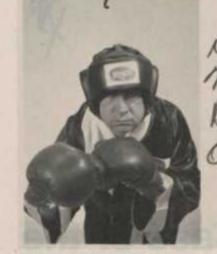


DEPARTMENT OF COMMERCE 107 WEST GAINES STREET TALLAHASSEE, FLORIDA 32304



### J.F.P. Enterprises continued

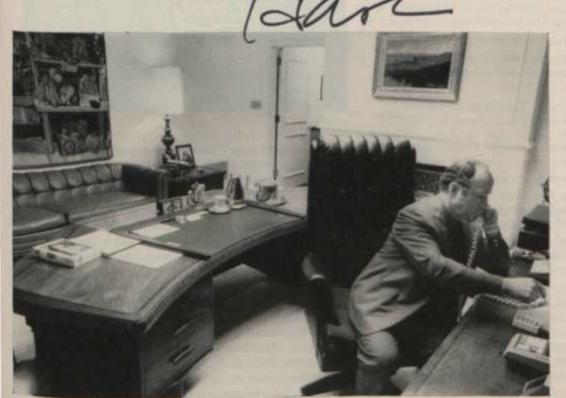
Mr. Paulucci poses for publicity shots for still another J.F.P. endeavor—the founding of "Somebody's House," a nationwide chain of restaurants.



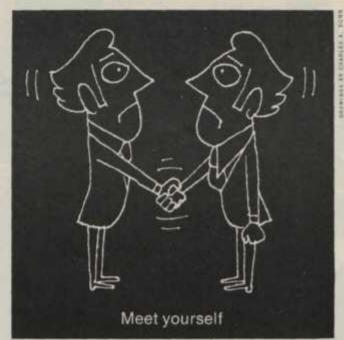
When this five-feet-five boss wants action, he sends out a "Kid Paulucci" card. He uses "Jeno" on his planes, trucks, letters and checks.

Mr. Paulucci's main office is in a food factory on the edge of Lake Superior. He claims his new hot snack business is growing even faster than did his phenomenal Chun King Corp. Among his many other interests are a food preservation research organization in Florida and a small advertising agency in Duluth.

END



Ann



# The Case of the Lost Executive

Should you change your job?

The correct answer may not,
be as elusive as you think



Are you shaky in your present job? Frustrated, confused or disillusioned? Perhaps you wonder if you should make a change, even go into an entirely different industry or career.

You would not be alone. In the course of psychological assessment of hundreds of American executives in midcareer, I often have found them floundering, even panicky. But once they recognize they are "lost," and determine to learn where they really belong, most ultimately find their right niches.

Almost every executive is vulnerable to this uncer-

The author of this article, J. Martin Seidenfeld, Ph.D., is vice president and director of the New York division of American Management Psychologists, Inc., a firm which uses depth psychology in work for the business world.

tainty phenomenon. Rarely does a man choose a career and stay content with it all his life.

The moment of disenchantment frequently comes at age 39 or 40, when a man suddenly admits to himself that he's getting "older."

Or a negative experience can be the spark. A 37year-old executive is passed over for promotion and he's shocked that he's no longer the fair-haired boy. "Why am I knocking myself out?" he asks.

Perhaps he actually is threatened with being fired. His pride is hurt, he questions his abilities.

A merger could give him a sense of impending disaster, force him to re-examine himself and his company, to consider alternatives. Not uncommonly, he sees college classmates, no brighter than he is, moving ahead faster.

In other cases, an executive becomes aware he's at a dead end, his position lacking opportunities for growth.



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Conflicts may arise with superiors, peers or underlings. Another executive decides his field is too narrow and ponders whether to switch, say, from sales to marketing, from finance to administration. Others have fallen into a career by chance, not choice, and always have been unhappy about it. They may be highly idealistic, and feel they're not doing something they really believe in.

Gradually or suddenly, the executive may wake up to the shattering fact that his dreams are unfulfilled, his basic emotional needs somehow unmet. But he may feel imprisoned in his job. To make a change may mean sacrificing that second car or the bigger house his wife wants. Will he be good enough to handle another job or career, able to fit into another company? Self doubts grow. There seems to be no way to escape.

#### Where do you turn?

When an executive realizes he must make a change, the likelihood is he doesn't know where to go or how to get there. To learn the nature of his problem, he needs a hard, objective look at himself.

In his crisis, he can do much on his own. He also can obtain self-illumination at one of a number of career counseling organizations. Frederick Chusid & Co., which retains American Management Psychologists, Inc., is one such firm. Some work directly for corporations that provide the service for their managers. These include Rohrer, Hibler and Replogle; the Klein Institute for Aptitude Testing, Inc.; Personnel Research and Development Corp., and J. M. Rosenberg Associates, for example. Universities also offer psychological assessment services. Among them are the University of Chicago and New York University.

A psychological evaluation begins with biographical data: family background, education, training, job history, various circumstances affecting a man's work. Projective tests help psychologists to understand your underlying unconscious motivations, defenses, attitudes and goals—clues to why you are in turmoil. In personal interviews, mannerisms and reactions are observed.

Through these and other procedures, the troubled

executive is helped to confront his true self and to define realistic career objectives. He can then be guided in making the appropriate move, if one is necessary.

It's often possible for the executive to deal effectively with his career problems without seeking professional advice. He can try to analyze himself—his strengths, limitations, attitudes, true aspirations.

An honest, in-depth self-appraisal is an ordeal. But the executive can be objective about himself if he first makes basic commitments. He must:

- Admit to his unhappiness and yearnings—that is, become fully aware a serious problem exists.
- Determine to alter his outlook and behavior as indicated.
- Learn how to change and be prepared to undergo the educational processes of self-improvement.
- Be primed to take appropriate action.
- Receive a reward for making the change—in dollars or, more significantly and intangibly, in ultimate gratification.

Here are highlights of some illustrative case studies of "lost" men who have been helped professionally to find themselves. Names are changed to preserve anonymity.

James Welch, who didn't feel useful. A regional advertising sales manager for a major publication, Jim Welch at 46 felt he had "flattened out" in terms of accomplishment and interest in his work. He's a direct take-charge kind of man. About 15 years before, he had "stumbled" into the advertising field when he needed a job; and kept on with it, he said, "because I was trapped." At the prospect of moving to his company's New York headquarters, he shuddered.

Basically, Welch had gradually discerned he was not getting what he wanted out of life. Confused and disheartened, he wondered where he could turn.

A psychological evaluation revealed that among other things, he was bothered by an unsatisfied social concern. "I just wasn't being useful," he said. It turned out that

# The souped-up adding machine.

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Like a Ferrari it can go from zero to a hundred in a split second.

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It's low-priced. Like a Volkswagen. Only pretty. 109.50.\* With options, 129.50.\*

Like a Volvo, a Swedish account-

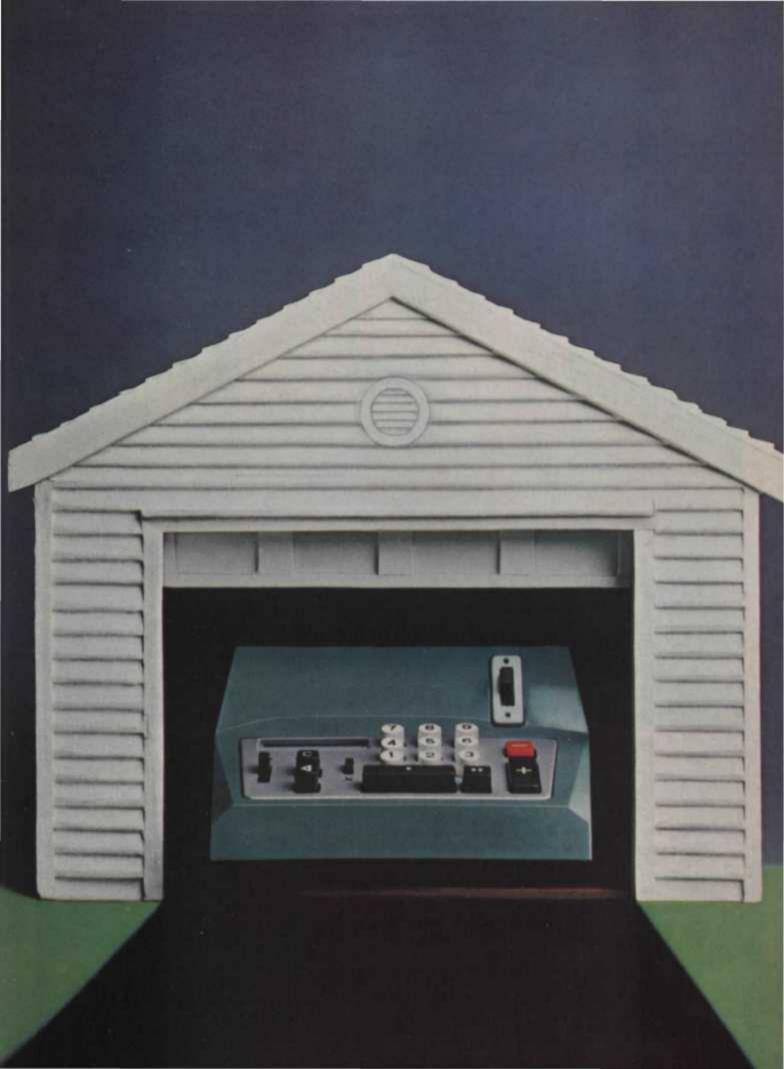
ant can't ride it too hard. It has a metal interior and a crash helmet body. It's a machine with drive.

The Quanta has push-button clearance, two-tone printing, simplified dashboard controls; two-shift multiplication and is easy to park.

When you're ready to trade, it will bring you a resale price only a one year old Cadillac can match proportionately.

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ARMCO STEEL



#### The Case of the Lost Executive

Welch had a strong religious bent, spent his free time working with a YMCA group, taught Sunday school and served on church youth committees. He had a strong need to help the "little guy."

How could Jim Welch best utilize his skills as a speaker and a salesman? He decided to become a professional fund raiser, and found a position with a national organization. From an income of \$23,000 he dropped to \$20,000, but this did not materially alter his family's living standards. Recently, Welch reported, "I'm as happy as a bug in a rug."

Tom Crowder, who finally grew up. For six years. Tom was vice president of his father's thriving food processing business. At 33, he earned \$29,000 a year. Yet Tom was increasingly unhappy. Old man Crowder had persuaded him to join the firm out of family loyalty. At the office he was "Junior" or "Charlie's boy." This young man had great managerial ability, but expressions of praise came rarely and reluctantly from his cold, hard-driving father, whom he always was trying to please. As Tom felt a growing resentment, he saw himself as a failure in life.

Psychological assessment revealed Tom was in many ways, still a child. He had a great deal of insecurity, a need for support from his parents. Now, as Tom began growing angry, he was psychologically reaching adolescence—at 33.

"I was ready to tell Dad to go to hell—who needed him?" he said. What Tom now urgently needed was stimulating challenge in his work, and to be his own boss.

He quit, and bought out a small rubber and tire business. Within a year, he'd built it into a coast-to-coast enterprise. He's his own man now.

Robert Payne, who was "exposed." Although he was president of a metal stamping company, Payne never really performed the functions commensurate with the title. Essentially, he was a sophisticated engineering foreman. A series of circumstances had put him into the president's chair, basically because he seemed the most trustworthy man around. When the company's board chairman sold out to a conglomerate, Payne's world collapsed.

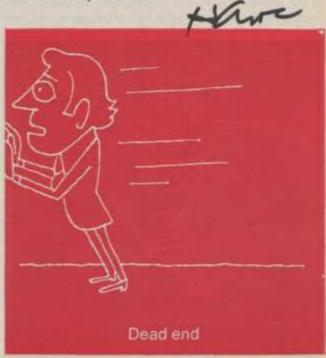
Now, at 52, he felt exposed. The parent company was willing to make him head of a division, with full profit responsibility. Payne knew he couldn't handle that job. He saw himself as "a nothing," forced to reveal his secret.

In desperation, he went looking for any kind of work. Although earning \$35,000 a year, he was willing to accept \$10,000. He considered buying a half interest in a trailer park.

With psychological insight, however, Payne gradually came to view himself objectively for what he was a good engineering foreman who belonged in manufacturing management. Eventually, he was hired by another company as an assistant plant manager, primed for the post of plant manager. Payne is at peace with himself now, in his appropriate niche and taking legitimate pride in doing his job well. continued.

Frank Golden, who had to go out on his own. A \$20,000-a-year controller in a small textile company, Golden suffered acute anxieties when the owner died and his widow took over. He felt he was being taken advantage of, not consulted in important decisions. His original boss had let him run things his own way. The widow, on the other hand, wanted complete and regular reports from him. He also believed she did not really understand and appreciate his work. Yet the desire for security was so compelling, he was reluctant to leave.

Psychological investigation revealed that because of conflict with his parents early in life, Golden had grown up unsure of himself. He needed recognition, could not socialize comfortably, found it hard to trust others. He had to be independent.



Armed with these insights, Golden had the courage to step out on his own. Turning down offers from other companies, he started a small accounting business. Though his earnings initially were far less than his controller's salary, he realized his personality was such that he could operate best in an organization where the only product would be his own expertise.

Robert Lawrence, who was barking up the wrong tree. A 37-year-old salesman, Lawrence was in an intensely competitive field. He came eventually to view his customers as antagonists. His unhappiness became chronic.

Through psychological evaluation, Lawrence was enabled to realize he should be in a less competitive area, where he could work with people, rather than against them.

He obtained a post as assistant to the dean of a state university's school of business administration. There, indirectly guiding young men in graduate student programs, Lawrence's helpfulness was appreciated. Since

#### The Case of the Lost Executive continued

competition was no factor, his attitudes toward work changed completely, and he made excellent progress.

Ben Forrester, who learned where to assert himself. As the youngest executive at his bank, Forrester was rated highly successful by others. He didn't feel that way. Restless, high-strung and aggressive, he had need for excitement but his conservative superiors put him down. Moreover, at the bank his growth was limited.

Gaining perspective about the conflict inside him between the requirements to follow the rules and his drive for self-assertion, he proceeded to carve out an entirely different, more dynamic career. Today he is assistant to the president of a land development company, busy buying land and developing industrial plots and sub-



urban shopping centers. His technical knowledge of finance and real estate is being put to good use. He is excited by the potentials for his future.

Paul Dorman, who had the wrong boss. A plant manager, Dorman had been with a textile company for 20 years. His unhappiness gradually mounted. The focus, it turned out, was his boss.

Dorman is a loner, who prefers to do things on his own. He could not commit himself emotionally to be a nice guy, sensitive to the subtleties of interaction between people. The head of his division was precisely the type of smooth, socially polished man whose poise continually irritated Dorman. It became more difficult for them to discuss problems, and conflicts erupted.

Taking stock of himself, after a great deal of psychological counseling, Dorman realized he had to be more tolerant, more communicative and less abrasive. He left his company for a job as director of manufacturing, after making sure he had found a boss who would let him run things his own way and who was satisfied to

hold communications to a minimum. As a not-inconsiderable extra, Dorman got a sizable boost in salary.

Daniel Lange, who decided to stay. As an operations manager for a machinery firm, Lange was overbearing, offending people with whom he worked. Management made use of his excellent skills, but kept him at arm's length. At 41, Lange saw himself at a standstill. In 12 years, he had held seven jobs; his seventh was not much better than his third. Quitting, he sensed, would not advance him.

Through psychological analysis, Lange saw that his belligerence was a defense. He was afraid that if he permitted people to get close to him, they would consider him an inferior. Much of this feeling was related to the fact that he was an adopted child. As he gained insight, Lange slowly overcame his self-contempt, became more tactful and reached out to confer with colleagues. Management noticed the change. When Lange indicated he was ready for larger responsibilities, he was offered a new title -director of corporate planning.

He had found himself by remaining with his company on more satisfying terms.

#### Lessons to be learned

As these cases show, humans have a natural emotional resiliency that allows them to be flexible, adapting to new styles in their work life.

It is important for executives to recognize that a disturbing situation is not as black as it generally appears. It is possible for a tormented executive to catch hold of himself and change, even after years of groping. For a man with ability, any fear of being thrown "on the street" usually is unrealistic. There is constant demand for capable executives.

Some men are "catastrophizers," over-reacting, seeing a catastrophe behind every setback. Actually, being fired, for instance, forces you to re-examine yourself thoroughly-and to do something about it.

Of course, finding oneself does not always mean leaving a company, industry or vocation. The problem may have been one of interpersonal relationships or work attitudes, which would not be solved by relocating. An executive might stay in the same job but on different terms. He might also ask to be transferred to another division within his company. Whatever the form, it's a change. When carefully thought out, it's likely to be for the better.

For men in crisis, I suggest bearing in mind the Chinese written form for "crisis." It is made up of two characters: One is danger and the other, opportunity. And that is what a crisis means in a man's career. While you may be exposing yourself and your family to danger, you also are offered opportunity.

REPRINTS of "The Case of the Lost Executive" may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

# Science Takes a Problem's Measure

The soldier had been admitted to Walter Reed Army Medical Center in Washington, D. C., with a metal fragment in his eye. But what kind of metal? What effect might it have on the eye? What measures were needed to counteract possible toxic effects from its removal?

Army doctors turned to the Commerce Department's National Bureau of Standards.

Working with a piece of metal less than a millimeter in diameter, Bureau scientists used only 1/100th of a square millimeter of the fragment's surface in making a chemical analysis needed to guide the physicians.

The case was part of a trend toward partnership between the physical scientist and the physician hard put to keep up with developments in his own and other fields.

And the Bureau of Standards is a key figure in that partnership through its role as the nation's principal laboratory for physical measurements.

Its services to commerce, industry and science, as well as to medicine, include the preparation and distribution of standard reference materials accurately measured, pure samples of key substances.

Not so long ago, a national survey showed that clinical tests to determine cholesterol levels were sometimes 25 to 50 per cent off. Bureau scientists developed, in 1967, a basic unit of cholesterol and reports now are keyed to a standard material 99.4 per cent pure.

Similar scientific achievements assure greater accuracy and reliability in other tests for the diagnosis, prevention and treatment of illness.

Medical problems pose many more challenges to the Bureau. Current projects include research on measurement and control of laser beams for use in brain and eye surgery. And metallurgists and corrosion specialists are seeking the best materials for use in artificial kidneys, blood vessels and heart valves.

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# The Tame Blue Yonder

Despite the growth of air travel, it's safer than ever—and a lot of work is going into making it still safer

When it comes to providing tender loving care for a family automobile, you may be the most fastidious of men. But are you willing to:

- Hire three full-time mechanics to keep it in tip-top running condition?
- Check out its entire performance each time you pull out of the driveway?
- Replace all tires after every 500 miles of use?

 Disassemble almost the entire engine, change the brake linings and take the transmission completely apart every 10,000 miles? Or install a completely new engine every 25,000 miles?

This is the kind of precise attention America's commercial airlines devote to their modern airliners. It is all very expensive and time-consuming but it tells some of the story of why we have one of the world's best airline safety records.

Air safety, of course, is a subject of immense concern in this burgeoning jet age when the highways of the sky are becoming thick with faster, bigger craft. It concerns the people who fly in ever greater numbers. It concerns the airlines. It concerns the federal government, whose job it is to keep this aerial traffic moving safely and in orderly fashion.

The task of maintaining a high level of flight safety is becoming increasingly more complicated, more expensive and more nerve-wracking as the jumbo jets come upon the scene, airport congestion mounts, and private aircraft in escalating numbers compete with commercial airliners for dwindling air space.

Despite all that is being done—and it is considerable—the specter of an airline disaster is always present.

But preliminary figures released for 1969 show that fatal accidents on commercial airliners in the U. S. have now been reduced to .003 per million aircraft miles flown (as against .015 per cent as recently as 1959). This means that when you board an airliner you have a better than 99.99980 per cent probability of completing your flight safely. The odds are about seven times less favorable when you step into your automobile.

Still, the goal is to reach the irreducible minimum in flight danger. As Stuart G. Tipton, president of the Air Transport Association of America, puts it:

"We of the airline industry may look back on the past with pride. We may look at the present with satisfaction. But we regard the future as a



Pilots repeatedly go back to school, sharpening skills on simulated equipment.

Have

challenge for accomplishment of a greater goal—to make air travel so totally safe that it will quiet the cynics, appease the doubters, reassure the fearful.

"Safety is the art of reducing risk to the lowest chance of occurrence."

#### Many means to same end

There are many ways in which this goal is being sought—by industry, by government and by others interested in flight safety.

Plane manufacturers design safety into their product. An airline will only accept a new plane after scientific torture proves it can take far more punishment than ever is expected in regular operation, and it is certified by the government as airworthy.

The airlines and plane manufacturers are constantly on the lookout for new products that can be incorporated into a plane's design for safety's sake. This is especially true in the search for any material, device or system that will help reduce or eliminate the ever-present threat of fire.

Industry and government are spending huge sums to try to find an acceptable jet fuel that will not burst into flame during a mishap on the ground or in the air. A virtually explosion-free fuel in jelly-like form has been developed but does not perform well in existing fuel-injection systems. Part of the technology for this new fuel, interestingly enough, comes from research performed at breweries to come up with a better beer.

Airlines have long sought more fireresistant materials which are suitable for plane interiors, particularly for upholstery. Du Pont recently developed such a material but it would cost about \$1,500 a yard to produce, a figure obviously out of reach at this time.

The modern airliner, like the human body, employs the "fail-safe" technique wherever possible; if one piece of equipment fails to function another takes over. Two-engine planes, for example, are made to be able to fly on one engine and fourengine planes on two. Four-engine jets have two separate electrical generating systems, each driven by different engines.

This backup system approach has achieved even further sophistication in the Boeing 747 superjet which began transatlantic service at the first of the year. It has not two but three inertial-navigation systems—similar to the equipment that helped guide our astronauts unerringly to the moon—to take over if one or two should fail. The 747 has two automatic pilots, redundant supplies of communication apparatus, and can even be landed safely without the pilot's hands at the controls.

Since a plane is no safer than the man flying it, how about the pilot of a modern jetliner? It takes as long—sometimes longer—for a pilot to qualify to command an airplane as for a doctor to qualify to practice. And his training never stops. Twice a year he must subject himself to an

# The Tame Blue Yonder continued

exhaustive check of his abilities. He may have logged over 25,000 hours in the air, but every 12 months he has to check in for another training tour with heavy stress on handling emergencies.

Before a pilot is cleared to fly a multimillion-dollar jetliner and its precious human cargo, he has fully mastered on the ground the job he is called upon to perform in the air. This is achieved with simulators which duplicate an airplane's performance in flight. Computers feed into the simulator every conceivable problem a pilot may encounter aboard a real plane.

Trunk airlines have an investment of more than \$80 million in this kind of equipment. One simulator for a 747 pilot costs more than the entire four-engine prop plane he may have been flying a dozen years ago.

#### The "near-miss"

In the never-ending struggle to achieve total safety in the air all of the things now being done still fall short of the mark. Even if it were possible to design the perfect airplane and eliminate human pilot error, there is still another area of grave concern that continues to plague a safety-conscious industry: how to end the danger of mid-air collision.

"Near-misses," often involving smaller planes, are reported by airline pilots with increasing frequency.

The present system of air traffic control has performed remarkably well, all things considered, in the opinion of many aviation safety specialists. Here again, though, anything less than perfect isn't good enough.

The Federal Aviation Administration and the airline industry are constantly striving to perfect the system. Many millions of dollars are being spent on exotic electronic surveillance equipment to maintain traffic order in the skies. Research and development consume a large chunk of the federal agency's budget dollar. Periodically, new regulations are put into effect when it appears that flying over certain high-density airports may imperil safety.

For almost 15 years the airline industry has looked for a practical collision avoidance system (CAS).



Radar traffic cops keep control of skyways across the nation in one of many safety measures.

Devices for a CAS have now been developed but because of the huge costs involved it may be some years before they can be put to use. Recent estimates indicate the cost could run as high as \$50,000 for an individual jet liner and up to \$8,000 or \$10,000 for smaller planes.

CAS devices which show considerable promise have been produced by McDonnell Douglas, by Bendix Corp., and by a partnership of Sierra Research Corp. and Wilcox, an American Standard company. Collins Radio, which first proposed such a pilot warning indicator in 1956, also is active in this field.

In the present stage of development, CAS has its drawbacks. It is effective only when two planes on collision course are equipped with it. Also, there is a danger that a CASequipped plane ascending or descending swiftly to avoid collision could be thrown into collision course with a third aircraft.

Meanwhile, TRW Inc., a major West Coast electronics manufacturer, believes it is on the track of perfecting a device called "Navstar" which would bounce a signal off several orbiting satellites and give an airborne computer an accurate "fix" on a plane's location and altitude whenever required. Company engineers believe they can turn out such a system in three or four years, once given the go-ahead, and at a unit cost of not more than a few hundred dollars.

More immediately, however, the FAA is concerned with getting the most safety out of equipment now on the line. FAA Administrator John H. Shaffer told NATION'S BUSINESS:

"It's amazing what modern technology has done to make flying safer. The reliability of products that go into today's planes is truly fantastic."

#### The Nixon program

Probably more than anyone else, Mr. Shaffer (see "Why Businessmen Serve in Washington," page 36) is concerned with the burden of air traffic being imposed on airports at major American cities. The No. 1 priority item at his agency is to get through Congress President Nixon's 10-year, \$15 billion airport expansion program which Mr. Shaffer feels cannot be delayed if we are to keep up not only with the demand for air service but with the increase of airplanes of all types.

The Administration's ambitious airports airways bill, which cleared the House last year and is due for final Congressional action in coming months, calls for 900 new airports and improvement of 2,750 others. It also would pay for hiring and training 21,000 additional air traffic controllers.

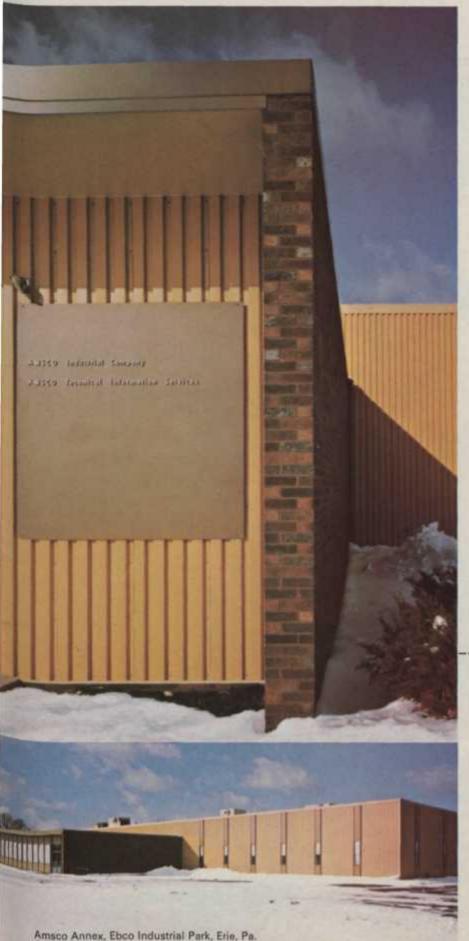
Those who use aviation would foot the lion's share of the bill, to preclude unnecessary drain-off of taxes paid by all Americans.

To finance the plan, it is proposed that the tax on individual airline ticket sales be raised from 5 per cent to 8 per cent, with an additional \$3 tab for each passenger embarking on an out-of-country flight. Also, a 5 per cent tax would be levied on air freight, and noncommercial aircraft owners would be required to pay nine cents a gallon fuel tax. In combination, this would bring in \$9.14 billion. The remaining \$5.36 billion would come from general tax revenues.

Some \$2.5 billion of this money is earmarked for vitally needed, expensive improvements to the air traffic control network. Most people who fly today are unaware of the role this system plays in protecting their safety.

Consider, for example, an aircraft making an hour-long flight from New York to Boston. At each airport it is guided by FAA-operated control towers, departure and approach radar

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# The Tame Blue Yonder continued

control equipment, automatic terminal information service, instrument landing systems, and lighting. Between airports the plane is under surveillance of two FAA en route radar traffic control centers and three en route radio directional beacons. These facilities alone cost over \$43 million a year to man, maintain and operate.

#### General aviation squeezed

Fitting significantly in this over-all picture of crowded airports and congested air space is another segment of aviation—the many thousands of pilots and planes in general aviation. While this may evoke an image of the weekend adventurer flying for fun in a Piper Cub, it is far more than that. General aviation embraces everything from the corporate executive jet-liner—which is coming into wider and wider use—to the small businessman who flies his own plane.

More and more, in recent years there has been a tendency to squeeze private planes out of high-density airports if the planes are not equipped with the kind of navigation and communications equipment regarded as essential. A substantial increase in the number of airports, as envisioned in the Nixon program, is expected to improve this situation so that smaller planes won't have to compete with the bigger ones at busy, congested air hubs.

John Reed, chairman of the National Transportation Safety Board, an independent arm of the Department of Transportation, told Nation's Business:

"General aviation certainly has a place in the over-all picture and I believe we can develop a system that is equitable to everybody who uses air space."

One approach is the so-called inverted wedding cake concept which the FAA recently put into effect around 22 major airports, to rigidly control small, privately owned planes. You can picture this invisible inverted cake as a large area of airspace above an airport: a top layer 40 miles across at altitudes of 3,000 to 7,000 feet, a middle layer five miles in diameter between 1,500 and 3,000 feet, and the bottom layer three miles across between ground level and 1,500 feet.



Tower controllers are the heart of airport flight operations.

Hara

All planes entering the wedding cake are under complete control of ground controllers and must ascend or descend to each layer on command. In peak traffic periods smaller planes are not admitted and flight surveillance is considerably more effective.

#### "Golden hours" test mettle

Among some of the other problems faced by people like John Shaffer are the traveling habits of the flying public. Such habits have brought about the phrase "golden hours"—the periods between 7 and 9 in the morning and 5 and 8 in the evening when the majority of people want to fly. Obviously, the majority of that majority are businessmen hustling off to another city in the morning and anxious to be home in the evening.

"I've been talking to airline executives about this, trying to urge them to use the power of advertising to reeducate the flying public," Mr. Shaffer says. "They all know that the way things are now—planes flying a few hours a day and sitting on the ground in off-hours—is costing them a lot of money. But this is a very competitive business and it will take some courageous airline to take the first step and get people to fly during other hours of the day and night."

In his opinion, there is no reason why a businessman flying from Cleveland to New York, say, couldn't take an 8 p.m. flight instead of one at 5 o'clock. He could have the same leisurely dinner—but before boarding the plane in Cleveland instead of on it—and still get to bed at the same time in New York.

"We might even be able to get rid of serving meals on these short jet flights and I wouldn't be unhappy to see us take out some of that heavy, space-consuming galley equipment on our planes," Mr. Shaffer explains.

Flight safety has come a long way in the relatively short period that commercial aviation has been on the American scene. In the early 1930's, the Actuarial Society of America reported it was 53 times more dangerous to fly than to ride a Pullman car. Aviation was considered eight times as dangerous as driving a private auto. This risk ratio has now been virtually reversed.

In 1936, a magazine survey asked, "If you had to travel a distance of 500 miles or more would you prefer to ride by plane or train?" Some 70 per cent of the men (and 80.9 per cent of the women) chose the train.

In 1963, the American Newspaper Publishers Association asked a somewhat similar question. Among businessmen, 95 per cent said they would fly. Among nonfliers, 64 per cent also picked the airplane.

Insurance companies look at such things in the light of cold statistical projections of probability. Most wouldn't sell life insurance to an airline pilot in 1937. Today, the pilot pays the same life insurance rates as the grocery clerk, the bank teller or the utility company president. END

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National statistics show that many families on the welfare rolls are headed by women with an 8th grade education, or better.

Your local welfare director knows where

these women are. You don't need an expensive search to find them.

Research proves that these women prefer work to welfare -- and are already working in such places as steel mills -- as was done in World War II.

So if you need manpower -- and are willing to train these people on the job, go to your local welfare director and ask him to give you the names of employable women who are now on the welfare rolls.

This kind of action can reduce the tax burden, give welfare recipients more hope and add greatly to our manpower supply.

ann Booth

# THIS MONTH'S **GUEST ECONOMIST**

Ira T. Ellis Economist E. I. du Pont de Nemours & Co.

The level of business activity in the United States is always changing. There is a strong underlying trend of growth, but growth is not easy, automatic, smooth or assured.

Business activity rises rapidly in some months, is sluggish in others, and sometimes actually declines.

A number of factors cause ups and downs for companies, industries or the economy as a whole. Many mild fluctuations reflect the high and rising standard of living of the American people and their consequent high degree of choice in purchase of goods or services, or of increasing savings rather than spending. Business firms must provide plant capacity and inventories in anticipation of consumer demand, and may overestimate that demand. Furthermore, the outlook for profit affects businessmen's willingness to undertake capital investment.

Declines are characterized as recessions if the gross national product excluding the effect of price changes is down for two consecutive quarters.

Recessions, which frequently are caused or accentuated by inventory corrections, usually are of short duration and moderate severity. But they do involve significant shifts in employment and some rise in unemployment. They also cause sluggish growth in personal income, though not an actual reduction in income on an annual basis.

In addition to recessions, such as those in 1949, 1954 and 1958, the United States has had a series of business declines severe enough to be called depressions. In the past 100 years, they occurred in 1873-'79,



# CAN WE HAVE A BUST?

1892-'97, 1929-'36 and 1937-'39. They involved declines in economic activity for two consecutive years or more, drops in employment and personal income, and substantial increases in unemployment.

Since we have not had a major depression in the past 30 years, it seems appropriate to pose the question: Is another depression possible?

The short answer is "Yes," if we make the kinds of economic mistakes which cause depressions. We can cushion the severe decline of a depression, but we cannot prevent it if we have indulged in a wide variety of excesses which usually occur in a period of prosperity preceding a depression.

Depressions are not inevitable; they are caused by the liquidation of such excesses as expansion of bank credit at a rate far beyond the rise in the volume of economic activity, excessive expansion of business fixed investment, excessive speculation in land or other assets, a substantial buildup of military production and military activities, etc. The best way to avoid depressions is to avoid the excesses which precede and cause

While the possibility of a major business depression always exists, it is unlikely that the United States will experience one in the 1970's, particularly one as severe as that of 1929-'36. The business activity level will fluctuate, but the future will not be merely a repetition of the past.

The level of education and skill of the American people is continually rising. A broadly educated and trained labor force is a versatile labor force. It can readily acquire new skills as

the importance of old ones declines. It can, therefore, adjust to the rise of new industries and the decline of old ones without building the distorting rigidities which have characterized many past periods of major change. By making adjustments continually and in small increments we can avoid some of the earthquake effects of major changes.

An educated and skilled population also can understand the desirability of economic stimulation by the federal government in times of mild business decline, as in 1958 and in 1961, and the corresponding need for restraint in periods of excessive expansion and rising prices, as at present. We can still make mistakes, but the American people's increased economic sophistication reduces the probability of wild speculation.

The shift toward service industries and away from goods-producing activities, the increasing importance of research and clerical activities, together with the increasing importance of state and local government activities in education, health, welfare, highway transportation, etc., all tend to promote stable patterns of economic growth. Demands for the output of these activities do not fluctuate as widely or as rapidly as do demands for construction, or durable goods or war production.

Defenses against business fluctuations are much more powerful than they were, for example, in 1929 or in 1937, but they serve principally to cushion declines rather than to prevent them.

Our principal antidepression defenses of the cushioning variety are unemployment compensation, the availability of retirement benefits under Social Security programs, changes in the availability of bank credit, and shifts in federal fiscal policies. The availability of unemployment compensation and of Social Security benefits for older workers who choose to retire helps to cushion the drop in personal income when jobs are lost.

Easy credit following a period of

tight credit during the latter stages of the preceding prosperity can help stimulate expansion of bank loans and purchasing power, though it will have little cushioning effect if the preceding period of prosperity was one of excessive credit expansion.

Similarly, the federal government can increase its spending during a major business decline, even to the extent of incurring significant budget deficits for a year or two in an attempt to ease the decline's impact. But this defense will be difficult to conduct, if the preceding period of prosperity was stimulated by significant federal deficits. Periods of substantial prosperity, as at present, should produce significant federal budget surpluses to prepare for possible periods of business decline.

In conclusion, the best defense against a major business decline is to avoid or offset economic stimulation of wars and other strongly expansionary forces.

If the nation engages in military activity, it should be willing to finance it on a pay-as-we-go basis. Similarly, government can provide whatever services the American people are willing to pay for. But it should not incur large deficits in peacetime, or permit excessive expansion of bank credit, or tacitly approve increases in business costs which cause price increases and help to price American goods out of export markets while encouraging penetration of the American market by low-cost producers abroad.

The economy can grow in physical terms at a rate of 4 per cent to 5 per cent a year in the 70's if we save for it, invest for it and work for it. We also can have a relatively steady growth rate, but we cannot, and should not, eliminate all business fluctuations if we are to retain the freedom to buy or not to buy, to invest or not to invest, to expand or to retrench, or to make other similar personal and business de-

cisions.



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# BUSINESS LOOK **AHEAD**

#### AGRICULTURE

The nationwide controversy over cyclamates has obscured the fact that a new source of low-calorie natural sweeteners has been discovered.

Agriculture Department scientists at a research station at Pasadena, Calif., have done the basic work on recovering from citrus fruits substances that have many times the sweetening power of cyclamates.

Chemical processes have been devised to separate the sweeteners from the bitter element in orange and grapefruit peel, and

from a tasteless substance present in sweet oranges. The work was done as part of a broader investigation into the possibilities of slightly altering the chemical structure of flavor-bearing substances to produce a radical change in taste.

Perhaps years of testing would be required to win federal clearance of these citrusderived sweeteners for general use.

But, as an Agriculture Department spokesman observes, "A lot of food people have been showing interest."

#### CREDIT AND FINANCE

Several new wrinkles in the home financing field are emerging and may see far greater use once the credit pinch is eased.

They include what amounts to consolidation of first and second trusts in one instrument, representing a negotiated package between two lenders on a "piggyback" basis.

This permits reduction of down payments, but adds to the cost, so interest rate limits under state usury laws become something

of a barrier. Still, efforts are under way in many states to remove limits for conventional as well as VA and FHA financing.

Another technique consists of use of special mortgage insurance, reducing the risk to the lender and encouraging him to provide far more than the conventional 70 per cent of home cost.

Shortage of funds represents a problem here, but home builders foresee possible expansion once the supply improves.

#### FOREIGN TRADE

Economic development which has been triggered by Alaska's oil boom is expected to boost that state's role in the nation's overseas trade.

Much of the focus would be on Asia. Already, Japanese and American interests have built a \$60 million fertilizer plant in southern Alaska and a \$40 million gas

liquefaction plant. One tanker now is hauling liquefied gas to Tokyo and another soon will enter service.

A pipeline under construction will connect oil fields with terminal and refining facilities, and Japan is considered a vast natural market for a considerable amount of the output.

#### MANUFACTURING

Use of glass fiber for reinforcing plastics is expected to triple over the next five years.

Several observers have cited the trend toward synthetic materials engineered for specific applications in both the consumer and industrial fields, partly as an outgrowth of space-related technology.

Glass reinforcing fibers now are used in

space, the marine industry, transportation, construction, utilities and appliances, plus a range of areas where resistance to corrosion is required.

Owens-Corning Fiberglas Corp. has just opened a new plant to triple its output of reinforcements for plastics, rubber and other materials by 1975.

#### CONSTRUCTION

Industrial and commercial firms erecting new buildings are pressing for early occupancy, accelerating the trend toward telescoping the construction process.

Increasingly, says Benjamin H. Evans, head of the National Academy of Sciences' Building Research Institute, by the time a business decides it requires a new building, each day until completion costs it money.

Thus "phased" construction, in which a buyer determines the general size and outline of the structure needed, and digging for foundations gets under way while further design work progresses. Similarly, structural work gets going while design of interior layout proceeds, and so on.

This tends to reinforce the trend toward lump-sum contracting and away from competitive bidding at key stages, according to Mr. Evans, who is former director of research for the American Institute of Architects.

Increasing prepackaging of building components will mean more of the same, he says. The Building Research Institute will hold a two-day conference on the subject in Washington in mid-April.

#### MARKETING

Business is moving toward new levels of sophistication in gaining a real grasp of the factors combining to influence a purchaser's decision to buy.

That's the assessment of Dr. Henry Assael, a New York University marketing professor and consultant to business.

What's needed, he says, is a theoretical model or systematic representation of all factors, such as perception of advertising, influencing a buyer's decision. A general model would be the first step.

Given the diversity of buying decisions, he adds, a separate or refined model would be necessary to focus on the complex of factors peculiar to a given industry. For example, an industry's purchase of a power generator would have only the most general elements in common with a consumer's purchase of a color TV set.

Dr. Assael sees a trend in this direction in the universities, with increasing courses and research projects in consumer behavior, and in the business world with the hiring of sociologists and social psychologists.

Underlying the whole trend is the increasing capability to gather and refine data, made possible by computers.

#### NATURAL RESOURCES

Concern over reducing air and water pollution caused by power generation is certain to dominate technological trends in the industry, to judge by what advocates of competing fuels and processes are saying.

Avco Corp. is seeking government and utility financing of a pilot plant using a process whereby high-temperature gas is passed through a magnetic field to produce electricity.

Arguing the advantages of low cost, efficiency and reliability, the company also emphasizes that the process does not produce "thermal pollution," a burst of organic

growth in streams heated by infusion of water from power and other plants.

It also claims a combustion process that permits recapture of sulphur and nitrogen oxides, preventing their discharge into the atmosphere, and yielding by-products for manufacture of fertilizers and other chemicals.

Meanwhile, Congress has been told that Babcock & Wilcox Co. and Esso Research & Engineering Co. have launched a joint effort to develop, with utility industry support, an advanced pollution-control program for conventional plants.

#### TRANSPORTATION

The airline industry is forecasting significant reductions in smoke emissions from jet engines over the nation's airports and surrounding areas.

A major step in this direction is represented by the virtually smoke-free engines powering the new jumbo jets entering service, including the 747's, DC 10's and L 1011's.

It's estimated that by 1973, these will amount to 17 per cent of the engines in service.

As for other engines, the Department of Health, Education and Welfare attributes some 50 per cent of aircraft smoke emission to the JT8D engine now in use on the 727, 737 and DC 9.

The problem is incomplete fuel combustion. Pratt & Whitney, Inc., the manufacturer, has developed a new "burner can" (combustion chamber) which has been undergoing tests in flight to measure performance and maintenance characteristics.

The industry has reached agreement with federal agencies on a schedule for installation of the redesigned chambers on most existing engines by late 1972.



PHOTO: WERKER WOLFF.

IN VOTING ON GREAT AMERICANS, BUSINESS GETS THE BUSINESS

If "the business of America is business," as President Calvin Coolidge once said, you would never know it by visiting the Hall of Fame for Great Americans at New York University.

Among the 93 persons honored there, only two—Peter Cooper and George Peabody—have been businessmen. And they were chosen in the first election, held in 1900, and actually were honored more for their philanthropy than for being entrepreneurs.

The Hall of Fame, which holds an

Dr. David L. Lewis, author of this article, is professor of business history at the University of Michigan's Graduate School of Business Administration.

election every five years, is preparing to conduct its fifteenth this year and as it does, businessmen seem to be the most underrepresented category.

Why?

As a business-oriented society for the past century, America has produced a superabundance of great businessmen. Indeed, other countries may claim to have nurtured more outstanding literary figures, composers, painters, etc., but none has produced such successful entrepreneurs.

Is public antipathy toward business the reason for the scarcity of honorees from this field?

The public has held businessmen in low esteem at times—the 1930's for example. But if not one was elected in the 1930's, neither were any chosen in the 1920's or during World War II, when businessmen were riding a crest of popularity.

A more likely reason business nominees have been shortchanged is the makeup of the Hall's College of Electors. This body, comprised of outstanding citizens, fluctuates in number from 100 to 140. In the last election, the 125 electors included 46 heads or former heads of universities, five historians or professors of history or literature, 26 public or ex-public officials and five jurists.

Most of these people, as a generalization, are "intellectuals." So are many of those in the remaining categories of electors—authors, editors, artists, scientists, and men and

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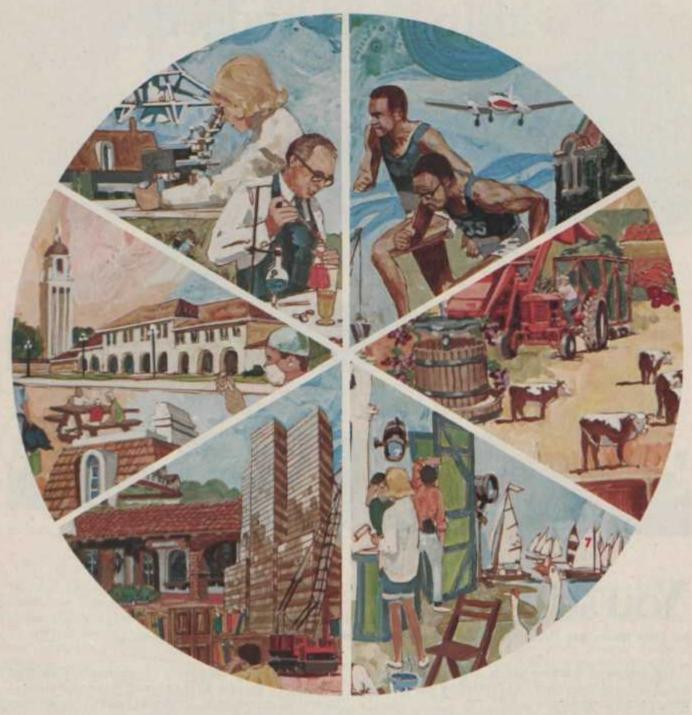
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women of affairs, the catch-all category of 19 in which the eight businessmen-electors were grouped.

Intellectuals as a group are not notably sympathetic toward business. And like everybody else, they are more inclined to vote for "one of their own"—an author, artist, educator, jurist, statesman, etc.

The proof of this seems apparent in the Hall's long-term voting record. While only two businessmen have been chosen, 19 authors, seven edu cators, seven artists, five clergymen and theologians, five lawyers and jurists, and 17 statesmen have been elected.

Most if not all of those named to the Hall of Fame have been great Americans. But there is a legitimate question whether Charlotte Cushman, an actress; John Motley, a historian; Mary Lyon, an educator; Sidney Lanier, a poet, and Sylvanus Thayer, a military engineer, are more worthy than Andrew Carnegie, Cyrus Field, J. Pierpont Morgan, John D. Rockefeller Sr., George Eastman and Marshall Field, to name only a few of the nation's builders of great firms. Except for Carnegie, none has come close to being elected.

In 1960, Carnegie received 65 votes, just short of a majority of that year's electoral college. In 1965 he fell back, getting 45 votes. Cyrus Field received 38 votes in 1940 and one in 1945, and has not been nominated since. Morgan had 10 votes in 1940, and has had none since. Rockefeller obtained nine votes in 1965; Eastman, two votes in the same election. Marshall Field received five votes in 1920, none since.

Only two other businessmen have received as many as 10 votes— Cornelius Vanderbilt, who had 30 in 1900, and Stephen Girard, named on 11 ballots in 1920.

Among nominees who have failed to receive a single vote are such men as Ezra Cornell, Walter P. Chrysler, Anthony Drexel, James B. Duke, Edward A. Filene, Henry Clay Frick, Edward H. Harriman, George Huntington Hartford, Andrew W. Mellon, John H. Patterson, Gustavus F. Swift, John Wanamaker and Frank Woolworth.

With an election around the corner, faculty and students at the University of Michigan's Graduate School of Business Administration have begun a drive to nominate and elect businessmen to the Hall of Fame. Anyone can be nominated as long as he lived in the United States and has been deceased for at least 25 years. Anybody may make nominations, and the entry deadline is April 1.

The answer for anyone who wants to know how to have more businessmen honored is simple: Nominate worthy candidates and campaign for their election. Campaign? Election-eering for entry to this American pantheon may seem a trifle undignified, but it's done. In fact, effective campaigning by the U. S. Military Academy Association of Graduates was largely responsible for the 1965 election of Sylvanus Thayer, an ex-West Point superintendent.

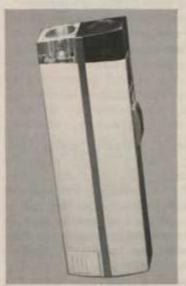
Nominating forms may be obtained from Dr. Ralph W. Sockman, director of the Hall of Fame, 1009 Fifth Ave., New York, N. Y. 10028. They are simple to fill out, requiring only a nominee's name, date and place of birth and death, and a brief statement as to why the person should be elected. This data is easily obtainable in most libraries from the "Dictionary of American Biography."

Carnegie, the steelman, probably stands the best chance of election this year, as a businessman or philanthropist.

Businessmen and philanthropists formerly were in a single category, but the two have been separated since 1966. John D. Rockefeller Sr. probably stands a better chance of election as one of the Twentieth Century's outstanding philanthropists than he does as a businessman. Others fall into this same situation.

Michigan students and professors have put forward the names of a number of previously nominated businessmen this year, plus some who never before have been proposed, including Milton S. Hershey, Julius Rosenwald, Jacob Schiff, James J. Hill, Edsel Ford and Elbert H. Gary.

Any nominee seconded by a member of the New York University Senate, the Hall of Fame's governing body, will be voted upon. END



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# Opening a

There's a big push at federal and state levels to answer a need of government New Horizon and of the poor by training the lowskilled for vacant public sector jobs



A high school dropout, Raymond Hernandez, 32, had only low-paying, intermittent employment before he got a break from California's program to provide meaningful jobs to the disadvantaged. Now he's a parole aide. He's finished a high school equivalency course, and is attending junior college so he can qualify for advancement. Here, Mr. Hernandez is discussing job problems with a parolee in Oakland.

A couple of years ago, California Gov. Ronald Reagan was hearing complaints from ghetto blacks that they weren't getting a fair crack at jobs on the state payroll. And businessmen, under pressure to hire the disadvantaged in private industry, started asking what the state was doing itself.

Today, California is one of the leaders in a movement by a growing number of states to match public service manpower needs with people who are unemployed or are working at lower skill levels than their abilities warrant.

This movement should get a big push this year from a new federal program to stimulate hiring reforms at state and local levels, and from a campaign by the National Civil Service League, which talks of government as the "employer of first resort."

Business has an obvious stake in

the results, including greater community stability through expansion of genuine job opportunities, improved government services, and such economies as lessened dependence on public welfare and greater mileage from government professionals whose nonprofessional tasks are shifted to the less-skilled.

Unions and many others have long talked of making government the "employer of last resort" for the disadvantaged. But the Civil Service League, originator of the merit system in public employment, has something very different in mind. Essentially, the idea is this:

Hundreds of thousands of urban poor are willing and able to enter or train for genuine jobs which are going begging in the fast-growing public sector, mainly at state and local levels. And they can get those jobs through the regular merit career system if it is overhauled and updated.

The extent to which the urban poor mainly minority group members-are frozen out now, says NCSL Executive Director Jean J. Couturier. stems not from the concept of merit employment but rather from bureaucratic abuse of the system.

For example, League Deputy Director Milton B. Millon tells of a Baltimore, Md., city personnel man who was asked how new operators of street-sweeping machines might gain regular status after successfully completing a year of training on the job. His response: Take a written examination-it's the law.

Mr. Millon says he pointed out that the law merely specifies examination - nothing about its being writtenand asked what is a more realistic test than actual performance verified by an experienced supervisor. The man saw the point.

#### Depression mentality

League officials say such rigidities reflect the Depression mentality of the Thirties, when jobs were scarce and there was a tendency to demand excessive paper qualifications. Today, government has an ample supply of vacancies.

Ironically, one threat to proposed reforms is the expansion of union organization of public employees.

For example, New York City's Civil Service Commission failed to win adoption of a state constitutional amendment specifying that: "Appointments and promotions shall be based upon merit and fitness to be ascertained by examination or by other evidence of fitness."

Solomon Wiener, acting director of examinations with the city personnel department, gives this explanation: "Well-organized groups of public employees, opposed to any change in the status quo as a possible threat to

a career system under which they met with success, exerted pressure which prevented favorable consideration... by the Constitutional Convention."

Precise estimates of the numbers of people who could enter local and state government are hard to come by.

But Bennett Harrison, an economist specializing in urban problems, concludes on the basis of several studies that "at least 140,000 public service jobs in the governments of just our largest cities could be filled by ghetto residents now."

The U. S. Department of Labor reports that during the past decade, state government has increased employment by nearly 70 per cent, or one million employees, and local government by 55 per cent, adding 2.4 million.

The Bureau of Labor Statistics estimates that state and local government will create 3.5 million new jobs through 1975, and census figures show an increase amounting to 424,000 full-

PHOTON ME STANDARD THE STANDARD

Donald Cockerman, 23, and Nelida Espinoza, 43, are public health laboratory assistants, thanks to California's state-jobs-for-the disadvantaged program. Mr. Cockerman, a father of two, had been a laborer and had also spent a long period on welfare. Miss Espinoza, who came from Argentina, could not meet state standards for licensing as a beautician or teacher, work she'd done before.

time jobs in the year ending in October, 1968.

"Many of these public service jobs are professional," the Labor Department remarks. "As shortages of persons to fill these jobs have occurred, however, many public agencies have redesigned the jobs, removing nonprofessional tasks and giving them to preprofessionals to perform."

#### New federal program

Translating this potential into actual people on the job is the goal of both the NCSL campaign and a new federal program called Public Service Careers. Unlike many experimental, start-from-scratch programs of recent years, they will seek to pull together and expand small-scale scattered efforts that have proved successful in various localities.

Specifics include:

- Revising rigid regulations, selection standards and tests that don't necessarily reflect the job's requirements or the applicant's ability to meet them.
- Strengthening recruitment, orientation, placement and probation procedures, and improving the climate of acceptance of disadvantaged on the job.
- Redesigning jobs to provide new entry-level positions and opportunities for promotion, combined with training and making efforts to take advantage of any special skills of the disadvantaged, such as ability to deal with other ghetto residents.
- Cooperation with private organizations working toward the same goals.

The NCSL is operating with a joint grant of \$150,000 from the antipoverty program and the Labor Department, and \$200,000 from the Housing and Urban Development Department, to advise local Model Cities agencies.

Its main effort consists of research and compilation of publications in the field, conferences with state and local officials (who are reported extremely receptive), task force development of updated merit system model procedures, and technical assistance of state and local government.

The Public Service Careers program is to be run by the Labor Department's Manpower Administration under initial funding of \$50 million from the poverty program when appropriated.

A hire-now-train-later affair, it will seek to attack a complex of barriers ranging from hiring agencies' practices, deficiencies in individual job-seekers such as need of training, and such other impediments as a lack of transportation to the job and of day-care facilities for children of working mothers.

Norman E. McGough, chief of the Public Careers program, says it won't be done on a "crash basis" but will concentrate on research and evaluation and thorough preparation including orientation of supervisors and co-workers as well as of newly hired employees.

One unique feature is provision for training and upgrading of long-term employees in low-level jobs who might otherwise be bypassed by new entrants. Mr. McGough speaks highly of efforts in California and of similar progress in Washington State and New Jersey.

California's program got under way early in 1968 partly on the basis of a series of unpublicized meetings between ghetto residents and Gov. Reagan, set up by some of his high-level Negro appointees. Complaints included allegations that blacks couldn't even get those state jobs for which they met all qualifications.

Businessmen were under state pressure to hire the disadvantaged, what with the Governor's arguing that capabilities of government were limited and business should do more. They started telling the state to practice what it preached.

"It hit home," says Richard A. Bernheimer, supervisor of the state's Career Opportunities Development Project. "If we're going to insist on a twelfth grade education for a janitor and ask you not to do the same, it's a hell of an inconsistency."

#### Jobs open up

His efforts have concentrated on such fields as hospital work, aiding parolees, and social service.

When the program began, 583 positions in eight classifications were found suitable for the so-called disadvantaged. Within a year, the number was expanded to 22 classifications and 1,190 jobs.

Mr. Bernheimer is quick to caution

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#### Opening a New Horizon continued

that the numbers don't necessarily all reflect results of the program he heads, and include some increased hiring under federally funded programs, some job restructuring, some newly created trainee positions and some temporary help.

More important than the numbers game in his view is the structuring of new careers and their potential longterm impact, including that on private husiness

For example, he spent a disproportionate amount of time on four trainee slots in two state medicallyoriented laboratories, with the thought that 7,000 new slots would be available in non-state laboratories by 1975.

If state licensing authorities could become convinced on the basis of experience in their own shop that undereducated poor could work into meaningful jobs, they might readjust standards for private labs, with a consequent big impact on hiring practices.

Mr. Bernheimer says this sort of long-range overhaul of the system rather than splashy, big-numbers hiring has been conducted with a minimum of publicity to avoid disappointment.

That's what's so refreshing about what they're doing out there," comments the Manpower Administration's Mr. McGough.

Somewhat parallel efforts are under way in Los Angeles County, Calif., and in the City of Los Angeles, where Mayor Sam Yorty signed a directive urging agencies to disregard arrest records when feasible. Said the mayor:

"We must not continually punish those who have already paid their debt to society under our system of justice by excluding them from meaningful employment."

#### Washington breakthrough

The State of Washington has two programs in Seattle and Olympia to overhaul the career system in its departments of probation and parole, employment service and public assistance. A NCSL aide calls the Washington experience a "major breakthrough in cracking the credentials barrier."

The City of Seattle is considered unique in pursuing a program with exclusively city funding and concentrating on male trainees. One batch of trainees numbering 81 broke down as: Negro, 85 per cent; male, 71 per cent; those with arrest records, 27 per cent; previous income under \$4,000, 60 per cent, and unemployed at the time of application, 65 per cent.

The Seattle program indicates the range of opportunities: Auto work, electrical trades, engineering aide, equipment service, housing and warehousing.

There's a lot stirring elsewhere.

Mr. Wiener of the New York City department of personnel says his department joined the state civil service agency and U.S. Civil Service Commission to devise recruitment programs and government job preparation courses for the "disadvantaged."

The city also is recruiting in the slums for thousands of low-level and hard-to-fill jobs in the recreation, health and social service fields.

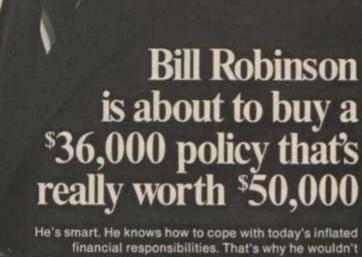
"A large proportion of . . . returning servicemen came from disadvantaged neighborhoods," Mr. Wiener reports, so the city is cooperating with the Defense Department's "Project Transition" and seeking to enroll thousands of veterans in the police

New Jersey has a Career Development Program in a number of fields, and reports some success in saturation recruitment. For example, to find clerical trainees, the state worked through civil rights groups, poverty organizations and ghetto schools.

A total of 4,376 job-seekers applied for examination, 2,810 took the test and 1,166 passed. Since only 50 jobs were then available and 75 laterthe list was farmed out to private business and federal and local agencies.

To varying degrees, such efforts are going on at the state or local level or both-in Pennsylvania, Connecticut, Florida, Texas, Ohio, Michigan and Illinois.

Mr. McGough of the Manpower Administration and Mr. Couturier of NCSL say the new Public Service Careers Program and the League's efforts will concentrate on helping both the disadvantaged and the agencies they serve by matching needs with those who can make a contribu-END tion.



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# Spotlight on Top Career Workers for the U. S.

Sixty-three outstanding government employees, including the first man to walk on the moon, astronaut Neil A. Armstrong, have been nominated for the Civil Service League's sixteenth Career Service Awards.

The 10 selected will be honored at a banquet in Washington May 8 expected to be attended by more than a thousand government, community and business leaders. Each honoree will receive a \$1,000 award and a gold watch.

The Civil Service League was founded in 1881 by a group which included Theodore Roosevelt. Its awards program recognizes the talent and dedication among the thousands of career employees and aims to foster better understanding between public and government.

Nominees include:

#### Agriculture

Ned D. Bayley, Director of Science & Education

Charles A. Connaughton, Regional Forester

George W. Irving Jr., Administrator, Agriculture Research Service

Harry C. Trelogan, Administrator, Statistical Reporting Service

#### Air Force

Robert D. Benson, Deputy Assistant Secretary (Audit, Data Automation & Finance)

Philip F. Hilbert, Deputy Under Secretary (International Affairs)

Joe C. Jones, Deputy Assistant Secretary (Research & Development)

Esmond F. Squires, Supervisory Logistics Specialist

#### Army

Dr. Alexander Hammer, Acting Director, Science & Technology Laboratory, Research & Engineering Directorate, U. S. Army Weapons Command

Dr. Ivan R. Hershner Jr., Chief,

Physical & Engineering Sciences Division, U. S. Army Research Office

Dr. Edward J. Poziomek, Research Chemist, Physical Research Laboratory, Edgewood Arsenal

#### **Atomic Energy Commission**

Howard C. Brown Jr., Assistant General Manager

John V. Vinciguerra, Assistant General Manager for Administration

#### Bureau of the Budget

Wilfred H. Rommel, Assistant Director for Legislative Reference

#### Central Intelligence Agency

Lawrence R. Houston, General Counsel

#### Civil Aeronautics Board

Oral D. Ozment, Deputy General Counsel

#### **Civil Service Commission**

Wilfred Vernon Gill, Assistant to Chairman & Director, Office of Labor Management Relations

#### Commerce

Dr. John Drake Hoffman, Director, Institute for Materials Research, National Bureau of Standards

Malcolm W. Jensen, Acting Deputy Director, Institute for Applied Technology, Bureau of Standards

#### Defense

Frank A. Bartimo, Assistant General Counsel (Manpower & Reserve Affairs)

Don Roland Brazier, Principal Deputy Assistant Secretary of Defense (Comptroller)

Samuel Eugene Clements, Executive Assistant to the Director of Defense Research & Engineering

Dr. Robert B. Stegmaier Jr., Administrator, Defense Documentation Center, Defense Supply Agency

Dr. William C. Valdes, Staff Direc-

tor, Office of Civilian Personnel Policy

#### D. C. Government

Julian R. Dugas, Director, Department of Economic Development

Charles T. Duncan, Corporation Counsel

Jerry V. Wilson, Chief of Police

Federal Communications Commission Henry Geller, General Counsel

#### Federal Mediation & Conciliation Service

David Simon Tanzman, Mediator (Special Assistant to Region Four Director)

#### **Federal Power Commission**

Arthur L. Litke, Chief Accountant Peter H. Schiff, Supervisory Trial Attorney (Public Utilities) (Solicitor)

#### General Accounting Office

Charles M. Bailey, Director, Defense Division

#### **General Services Administration**

Bob Ross, Assistant Commissioner for Program Support (Property Management & Disposal Service)

Herbert S. Steinman, Supervisory General Engineer (Assistant Chief, Design & Construction Division)

#### Health, Education & Welfare

James B. Cardwell, Deputy Assistant Secretary, Budget Department

G. Burroughs Mider, M.D., Deputy Director, National Library of Medicine

William J. Page Jr., Director of Field Coordination

#### Housing & Urban Development

William B. Ross, Deputy Under Secretary for Policy Analysis & Program Evaluation

#### U. S. Information Agency

Ben Posner, Assistant Director (Administration)

#### Interior

Dr. Dayton L. Alverson, Associate Regional Director for Fisheries, Bureau of Commercial Fisheries

Lemuel A. Garrison, Regional Director, Northeast Division, National Park Service

Bernard Goldhammer, Assistant Administrator for Power Management, Bonneville Power Administration

#### Interstate Commerce Commission

Bertram E. Stillwell, Director, Office of Proceedings

#### Labor

Robert C. Goodwin, Associate Manpower Administrator for Unemployment Insurance, Manpower Administration

William H. Kolberg, Associate Manpower Administrator for Policy, Evaluation & Research, Manpower Administration

#### NASA

Neil A. Armstrong, Astronaut Dr. Wernher von Braun, Deputy Associate Administrator, Planning

National Security Agency Louis Tordella, Deputy Director

#### Navy

John B. Buescher, Chief Engineer, Strategic Systems Project Office Mary H. Ferguson, Deputy Comptroller, Office of Naval Research

Don C. Hascall, Supervisory Industrial Specialist (Food Products), Naval Supply Systems Command

George A. Spangenberg, Director, Evaluation Division, Material Acquisition Group, Naval Air Systems Command

#### Post Office

Dr. Beatrice Aitchison, Director, Transportation Economics Branch Marco J. Andrade, Superintendent, Building Services

#### Smithsonian

Dr. William Klein, Director, Radiation Biology Laboratory

#### State

Rodger P. Davies, Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs

Philip C. Habib, Member and Senior Adviser, Paris Peace Talks

Frances G. Knight, Director, Passport Office

#### Transportation

Henry L. Newman, Regional Director, Southwest Region, Federal Aviation Administration

Edgar Haight Swick, Deputy Director, Bureau of Public Roads

#### Treasury

Vernon D. Acree, Assistant Commissioner (Inspection), Internal Revenue Service

Elmer L. Rustad, National Director, U. S. Savings Bond Division

#### Veterans Administration

Franklin R. Hood, Director, Information Service END



Are you one of the many businessmen today who are concerned about crime—crime-in-the-streets, organized crime, labor racketeering, etc.? Are you calling for more police protection, tougher courts and better legislation?

These measures may be ineffective if you don't know you're being victimized. No security system is 100 percent effective. A criminal may be anyone. To stop crime, you must first recognize it. To stop criminals, you must have evidence. So what do you do?

A growing number of trade and professional associations are developing crime prevention programs. Some are training members and their employees to identify counterfeit bills, deal with suspected bad check artists, spot shoplifters, tighten security against burglary and robbery.

Other associations are working with law enforcement agencies to trace stolen merchandise, trap labor racketeers, and weed out Mafiabacked firms within their own industries.

Do you have a crime problem? How can you do something about it? Check with your trade or professional association.

## POINTERS FOR PROGRESS

nrough trade and professional associations

# EDITORIAL ONE STEP TOO MANY

The original blueprint for Social Security provided an income "floor" to assure the elderly a decent living.

Compassionate Congresses have gradually added on a sort of spiral stairway with a landing here and there for Medicare, Medicaid and the like.

Today's planners would go much further. In this day of automation, they say, let's put in an escalator.

The whole thing is getting mighty top-heavy. If we're not careful, even that original floor may collapse under all that weight.

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benefits and premiums to increase, decrease, remain level—or do all three. Without a
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# Continental Assurance: The Great Unknown





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